



Reprinted
November 24, 2003

HOUSE BILL No. 1001

DIGEST OF HB 1001 (Updated November 21, 2003 11:48 am - DI 51)

Citations Affected: IC 4-22; IC 5-13; IC 6-1.1; IC 6-3; IC 8-22; IC 12-29; IC 20-5.5; IC 21-1; IC 21-3; IC 36-2; IC 36-6; IC 36-7; noncode.

Synopsis: Property tax relief. Extends the deadline from May 2003 to December 15, 2003, to file an application to receive a homestead credit and certain deductions beginning in 2004. Allows a person who acquires property after March 1, 2003, to file for and qualify for the homestead credit and deductions. Requires county treasurers to include information about available tax relief in the 2004 tax statements. Increases the amount of allowable income that a taxpayer may have to qualify for a deduction for the elderly. Increases the homestead standard deduction amount for two years. Establishes an additional homestead deduction for older homes. Establishes a farmstead deduction. Provides that the true tax value of rental property is the lowest appraisal amount determined by applying the income capitalization, cost, and comparable sales approaches. Changes the method of calculating the maximum allowable property tax levy for civil taxing units to eliminate the use of "banked" levy amounts and to limit levy growth to 5%. Eliminates the authority of taxing units to use an assessed valuation that is less than the assessed valuation reflected on the abstract as the basis for setting tax rates. Requires appointed library boards to submit their budgets to an elected city or county fiscal body. Grants the Indiana bond bank additional flexibility in financing
(Continued next page)

Effective: May 8, 2003 (retroactive); July 1, 2003 (retroactive); upon passage; January 1, 2004; July 1, 2004; January 1, 2005.

Crawford, Espich, Frenz, Turner

(SENATE SPONSORS — BORST, SIMPSON)

November 18, 2003, read first time and referred to Committee on Ways & Means.
November 18, 2003, amended, reported — Do Pass.
November 20, 2003, read second time, amended, ordered engrossed.
November 21, 2003, engrossed.
November 21, 2003, read third time, recommitted to Committee of One, amended; passed.
Yeas 51, nays 48.

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tax anticipation warrants for property taxes that were not collected on the regular due dates. Requires settlement of overpayments of property replacement credit distributions resulting from the resolution of taxpayer appeals. Authorizes the department of local government finance to assume assessment or annual adjustment duties under certain circumstances. Allows the county treasurer to accept installment payments and to waive late payment penalties. Validates various actions taken by the department of local government finance and local assessing officials in 2003 concerning the allowance of installment payments, the waiving of late penalties, and the extension of the deadline for appeal. Replaces the notice of assessment procedure with a procedure that combines the notice with the initial tax bill that reflects the change. Requires county assessors and township assessors to be certified in order to hold office after December 31, 2005. Requires counties to submit sales disclosure data to the state in electronic form. Requires the department of local government finance to determine whether a uniform statewide assessment computer system is affordable and necessary. Allows provisional tax bills to be issued after 2003, if needed. Requires tax appeal refunds to be sent to taxpayers without filing a claim. Allows the department of local government finance to adjust statutory tax rate limits to eliminate the effects of reassessment. Eliminates the requirement to file a Form 130 before initiating a property tax appeal. Extends the deadline for a religious institution to apply for an exemption from property taxes payable in 2002. Increases the income tax deduction for property taxes paid in 2004 by persons who were billed for 2003 property taxes in 2004. Makes technical corrections.

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November 24, 2003

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1001

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.141-2003,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking
4 action resulting in any of the following rules:
5 (1) An order adopted by the commissioner of the Indiana
6 department of transportation under IC 9-20-1-3(d) or
7 IC 9-21-4-7(a) and designated by the commissioner as an
8 emergency rule.
9 (2) An action taken by the director of the department of natural
10 resources under IC 14-22-2-6(d) or IC 14-22-6-13.
11 (3) An emergency temporary standard adopted by the
12 occupational safety standards commission under
13 IC 22-8-1.1-16.1.
14 (4) An emergency rule adopted by the solid waste management
15 board under IC 13-22-2-3 and classifying a waste as hazardous.

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(5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.

(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.

(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.

(8) An emergency rule jointly adopted by the water pollution control board and the budget agency under IC 13-18-13-18.

(9) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(10) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.

(11) An emergency rule adopted by the Indiana transportation finance authority under IC 8-21-12.

(12) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(13) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(14) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(15) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(16) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(17) An emergency rule adopted by the Indiana gaming commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(18) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(19) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(20) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

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(21) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(22) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(23) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(24) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(25) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34.

(26) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33.

(27) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20.

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the secretary of state for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The secretary of state shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the secretary of state shall:

(1) accept the rule for filing; and

(2) file stamp and indicate the date and time that the rule is accepted on every duplicate original copy submitted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

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(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), **and except as provided in subsection (j),** a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(14), **(a)(25), or (a)(26),** the rule may be extended by adopting another rule under this section, but only for one (1) extension period. A rule adopted under subsection (a)(14) may be extended for two (2) extension periods. **Subject to subsection (j), a rule adopted under subsection (a)(25), (a)(26), or (a)(28) may be extended for an unlimited number of extension periods.** Except for a rule adopted under subsection (a)(14), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(25) or (a)(26) expires not later than January 1, 2006.

SECTION 2. IC 5-13-10.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by any of the following:

(1) Agencies or instrumentalities of the United States government.

(2) Federal government sponsored enterprises.

(3) The Indiana bond bank, if the obligations are secured by tax anticipation time warrants or notes that:

(A) are issued by an entity described in IC 5-1.5-1-8(1);
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(B) have a maturity date not later than the end of the calendar year following the year of issuance.

SECTION 3. IC 6-1.1-1-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.7. "Mobile home" has the meaning set forth in IC 6-1.1-7-1.**

SECTION 4. IC 6-1.1-3-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) In connection with the activities required by section 14 of this chapter, or if a person owning, holding, possessing, or controlling any personal property fails to file a personal property return with the township assessor as required by this chapter, the township assessor may examine:

- (1) the personal property of the person;
- (2) the books and records of the person; and
- (3) under oath, the person or any other person whom the assessor believes has knowledge of the amount, identity, or value of the personal property reported or not reported by the person on a return.

(b) After such an examination, the assessor shall assess the personal property to the person owning, holding, possessing, or controlling that property. **Notice of the assessment shall be given as provided in IC 6-1.1-22-8.**

(c) As an alternative to such an examination, the township assessor may estimate the value of the personal property of the taxpayer and shall assess the person owning, holding, possessing, or controlling the property in an amount based upon the estimate. Upon receiving a notification of estimated value from the township assessor, the taxpayer may elect to file a personal property return, subject to the penalties imposed by IC 6-1.1-37-7.

SECTION 5. IC 6-1.1-3-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. If, from the evidence before him, a township assessor determines that a person has temporarily converted any part of his personal property into property which is not taxable under this article to avoid the payment of taxes on the converted property, the township assessor shall assess the converted property to the taxpayer. **Notice of the assessment shall be given as required under IC 6-1.1-22-8.**

SECTION 6. IC 6-1.1-4-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 22. (a) If any assessing official or any county property tax assessment board of appeals assesses or reassesses any real property under the provisions

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of this article, the official or county property tax assessment board of appeals shall give notice to the taxpayer and the county assessor ~~by mail~~, of the amount of the assessment or reassessment.

(b) During a period of general reassessment, each township assessor shall ~~mail~~ **give to the county assessor** the notice required by this section ~~within~~ **not later than** ninety (90) days after ~~he~~ **the township assessor**:

(1) completes ~~his~~ **the** appraisal of a parcel; or

(2) receives a report for a parcel from a professional appraiser or professional appraisal firm.

(c) The assessing official or county property tax assessment board of appeals shall give the notice required by this section to the taxpayer as part of the initial statement issued under IC 6-1.1-22-8 that is affected by the assessment or reassessment.

SECTION 7. IC 6-1.1-4-34, AS ADDED BY P.L.235-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 8, 2003 (RETROACTIVE)]: Sec. 34. (a) As used in this section, "special master" refers to a person designated by the Indiana board under subsection (e).

(b) The notice of reassessment under section 32(f) of this chapter is subject to appeal by the taxpayer to the Indiana board. The procedures and time limitations that apply to an appeal to the Indiana board of a determination of the department of local government finance do not apply to an appeal under this subsection. The Indiana board may establish applicable procedures and time limitations under subsection (l).

(c) In order to appeal under subsection (b), the taxpayer must:

(1) request and participate as required in the informal hearing process under section 33 of this chapter not later than forty-five (45) days after the date of the notice of reassessment under section 32(f) of this chapter;

(2) except as provided in section 33(i) of this chapter, receive a notice of changed reassessment under section 33(g) of this chapter; and

(3) file a petition for review with the appropriate county assessor not later than thirty (30) days after the notice of the department of local government finance is given to the taxpayer under section ~~32(f)~~ **33(g)** of this chapter.

(d) The Indiana board may develop a form for petitions under subsection (c) that:

(1) outlines:

(A) the appeal process;

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- 1 (B) the burden of proof; and
 2 (C) evidence necessary to warrant a change to a reassessment;
 3 and
 4 (2) describes:
 5 (A) the increase in the property tax replacement credit; and
 6 (B) other changes to the property tax system;
 7 under P.L.192-2002(ss) that reduced the effect of general
 8 reassessment on property tax liability.
 9 (e) The Indiana board may contract with, appoint, or otherwise
 10 designate the following to serve as special masters to conduct
 11 evidentiary hearings and prepare reports required under subsection (g):
 12 (1) Independent, licensed appraisers.
 13 (2) Attorneys.
 14 (3) Certified level two Indiana assessor-appraisers (including
 15 administrative law judges employed by the Indiana board).
 16 (4) Other qualified individuals.
 17 (f) Each contract entered into under subsection (e) must specify the
 18 appointee's compensation and entitlement to reimbursement for
 19 expenses. The compensation and reimbursement for expenses are paid
 20 from the county property reassessment fund. Payments under this
 21 subsection from the county property reassessment fund may not exceed
 22 five hundred thousand dollars (\$500,000).
 23 (g) With respect to each petition for review filed under subsection
 24 (c), the special masters shall:
 25 (1) set a hearing date;
 26 (2) give notice of the hearing at least thirty (30) days before the
 27 hearing date, by mail, to:
 28 (A) the taxpayer;
 29 (B) the department of local government finance;
 30 (C) the township assessor; and
 31 (D) the county assessor;
 32 (3) conduct a hearing and hear all evidence submitted under this
 33 section; and
 34 (4) make evidentiary findings and file a report with the Indiana
 35 board.
 36 (h) At the hearing under subsection (g):
 37 (1) the taxpayer shall present:
 38 (A) its evidence that the reassessment is incorrect;
 39 (B) the method by which the taxpayer contends the
 40 reassessment is correctly determined; and
 41 (C) comparable sales, appraisals, or other pertinent
 42 information concerning valuation as required by the Indiana

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- 1 board; and
- 2 (2) the department of local government finance shall present its
- 3 evidence that the reassessment is correct.
- 4 (i) The Indiana board may dismiss a petition for review filed under
- 5 subsection (c) if the evidence and other information required under
- 6 subsection (h)(1) is not provided at the hearing under subsection (g).
- 7 (j) The township assessor and the county assessor may attend and
- 8 participate in the hearing under subsection (g).
- 9 (k) The Indiana board may:
- 10 (1) consider the report of the special masters under subsection
- 11 (g)(4);
- 12 (2) make a final determination based on the findings of the special
- 13 masters without:
- 14 (A) conducting a hearing; or
- 15 (B) any further proceedings; and
- 16 (3) incorporate the findings of the special masters into the board's
- 17 findings in resolution of the appeal.
- 18 (l) The Indiana board may adopt emergency rules under
- 19 IC 4-22-2-37.1 to:
- 20 (1) establish procedures to expedite:
- 21 (A) the conduct of hearings under subsection (g); and
- 22 (B) the issuance of determinations of appeals under subsection
- 23 (b); and
- 24 (2) establish deadlines:
- 25 (A) for conducting hearings under subsection (g); and
- 26 (B) for issuing determinations of appeals under subsection (b).
- 27 (m) A determination by the Indiana board of an appeal under
- 28 subsection (b) is subject to appeal to the tax court under IC 6-1.1-15.
- 29 (n) This section expires December 31, 2005.
- 30 SECTION 8. IC 6-1.1-4-35 IS ADDED TO THE INDIANA CODE
- 31 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
- 32 **UPON PASSAGE]: Sec. 35. (a) This section applies to a county**
- 33 **other than a county subject to section 32 of this chapter.**
- 34 **(b) This section applies to a general reassessment of real**
- 35 **property conducted under section 4 of this chapter, an adjustment**
- 36 **under section 4.5 of this chapter, or a reassessment ordered under**
- 37 **section 6 or 9 of this chapter, all of which are referred to as**
- 38 **reassessments in this section and sections 36, 37, and 38 of this**
- 39 **chapter.**
- 40 **(c) As used in this section, "department" refers to the**
- 41 **department of local government finance.**
- 42 **(d) As used in this section, "reassessment official" means any of**

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the following:

- (1) A county assessor.
- (2) A township assessor.
- (3) A township trustee-assessor.

(e) If:

- (1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or
- (2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the assessment or reassessment work of a county's reassessment officials inaccurate if the department determines from a sample of the assessments completed in the county that there is a variance exceeding ten percent (10%) between the total assessed valuation of the real property within the sample and the total assessed valuation that would result if the real property within the sample were valued in the manner provided by law. The department may consider an adjustment to be inaccurate if the county's reassessment officials do not perform the adjustment as prescribed by the department.

(f) If the department orders a state conducted reassessment in a county, the department shall assume the duties of the county's reassessment officials. Notwithstanding sections 4.5, 15, and 17 of this chapter, a reassessment official in a county subject to an order issued under this section may not assess property or have property assessed for the general reassessment. Until the state conducted reassessment is completed under this section, the reassessment duties of a reassessment official in the county are limited to providing the department or a contractor of the department the support and information requested by the department or the contractor.

(g) Before assuming the duties of a county's reassessment officials, the department shall transmit a copy of the department's order requiring a state conducted reassessment to the county's reassessment officials, the county fiscal body, the county auditor, and the county treasurer. Notice of the department's actions must

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be published one (1) time in a newspaper of general circulation in the county. The department is not required to conduct a public hearing before taking action under this section.

(h) Township and county officials in a county subject to an order issued under this section shall, at the request of the department or the department's contractor, make available and provide access to all:

- (1) data;
- (2) records;
- (3) maps;
- (4) parcel record cards;
- (5) forms;
- (6) computer software systems;
- (7) computer hardware systems; and
- (8) other information;

related to the reassessment of real property in the county. The information described in this subsection must be provided at no cost to the department or the contractor of the department. A failure to provide information requested under this subsection constitutes a failure to perform a duty related to a general reassessment and is subject to IC 6-1.1-37-2.

(i) The department may enter into a contract with a professional appraising firm to conduct a reassessment under this section. If a county or a township located in the county entered into a contract with a professional appraising firm to conduct the county's reassessment before the department orders a state conducted reassessment in the county under this section, the contract:

- (1) is as valid as if it had been entered into by the department; and
- (2) shall be treated as the contract of the department.

(j) After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (i), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 37 of this chapter; and
- (2) must include a statement of the taxpayer's rights under section 37 of this chapter.

(k) The department shall forward a bill for services provided under a contract described in subsection (i) to the auditor of the county in which the state conducted reassessment occurs. The

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1 county shall pay the bill under the procedures prescribed by
2 subsection (l).

3 (l) A county subject to an order issued under this section shall
4 pay the cost of a contract described in subsection (i), without
5 appropriation, from the county's property reassessment fund. A
6 contractor may periodically submit bills for partial payment of
7 work performed under the contract. Notwithstanding any other
8 law, a contractor is entitled to payment under this subsection for
9 work performed under a contract if the contractor:

10 (1) submits to the department a fully itemized, certified bill in
11 the form required by IC 5-11-10-1 for the costs of the work
12 performed under the contract;

13 (2) obtains from the department:

14 (A) approval of the form and amount of the bill; and

15 (B) a certification that the billed goods and services have
16 been received and comply with the contract; and

17 (3) files with the county auditor:

18 (A) a duplicate copy of the bill submitted to the
19 department;

20 (B) proof of the department's approval of the form and
21 amount of the bill; and

22 (C) the department's certification that the billed goods and
23 services have been received and comply with the contract.

24 The department's approval and certification of a bill under
25 subdivision (2) shall be treated as conclusively resolving the merits
26 of a contractor's claim. Upon receipt of the documentation
27 described in subdivision (3), the county auditor shall immediately
28 certify that the bill is true and correct without further audit,
29 publish the claim as required by IC 36-2-6-3, and submit the claim
30 to the county executive. The county executive shall allow the claim,
31 in full, as approved by the department, without further
32 examination of the merits of the claim in a regular or special
33 session that is held not less than three (3) days and not more than
34 seven (7) days after the completion of the publication requirements
35 under IC 36-2-6-3. Upon allowance of the claim by the county
36 executive, the county auditor shall immediately issue a warrant or
37 check for the full amount of the claim approved by the department.
38 Compliance with this subsection constitutes compliance with
39 section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6.
40 The determination and payment of a claim in compliance with this
41 subsection is not subject to remonstrance and appeal.
42 IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted

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under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department entered into under this section:

(1) The commissioner of the Indiana department of administration.

(2) The director of the budget agency.

(3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter. The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

(1) a county auditor fails to:

(A) certify the contractor's bill;

(B) publish the contractor's claim;

(C) submit the contractor's claim to the county executive;
or

(D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

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1 (2) a county executive fails to allow the contractor's claim as
 2 legally required by subsection (l) at the county executive's
 3 first legal opportunity to do so; or

4 (3) a person or an entity authorized to act on behalf of the
 5 county takes or fails to take an action, including failure to
 6 request an appropriation, and that action or failure to act
 7 delays or halts progress under this section for payment of the
 8 contractor's bill.

9 (q) The department, upon receiving notice under subsection (p)
 10 from a contractor of the department, shall:

11 (1) verify the accuracy of the contractor's assertion in the
 12 notice that:

13 (A) a failure occurred as described in subsection (p)(1) or
 14 (p)(2); or

15 (B) a person or an entity acted or failed to act as described
 16 in subsection (p)(3); and

17 (2) provide to the treasurer of state the department's approval
 18 under subsection (l)(2)(A) of the contractor's bill with respect
 19 to which the contractor gave notice under subsection (p).

20 (r) Upon receipt of the department's approval of a contractor's
 21 bill under subsection (q), the treasurer of state shall pay the
 22 contractor the amount of the bill approved by the department from
 23 money in the possession of the state that would otherwise be
 24 available for distribution to the county, including distributions
 25 from the property tax replacement fund or distribution of
 26 admissions taxes or wagering taxes.

27 (s) The treasurer of state shall withhold from the money that
 28 would be distributed under IC 4-33-12-6, IC 4-33-13-5,
 29 IC 6-1.1-21-4(b) or any other law to a county described in a notice
 30 provided under subsection (p) the amount of a payment made by
 31 the treasurer of state to the contractor of the department under
 32 subsection (r). Money shall be withheld first from the money
 33 payable to the county under IC 6-1.1-21-4(b) and then from all
 34 other sources payable to the county.

35 (t) Compliance with subsections (p) through (s) constitutes
 36 compliance with IC 5-11-10.

37 (u) IC 5-11-10-1.6(d) applies to the treasurer of state with
 38 respect to the payment made in compliance with subsections (p)
 39 through (s). This subsection and subsections (p) through (s) must
 40 be interpreted liberally so that the state shall, to the extent legally
 41 valid, ensure that the contractual obligations of a county subject to
 42 this section are paid. Nothing in this section shall be construed to

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1 create a debt of the state.

2 (v) The provisions of this section are severable as provided in
3 IC 1-1-1-8(b).

4 SECTION 9. IC 6-1.1-4-36 IS ADDED TO THE INDIANA CODE
5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
6 UPON PASSAGE]: **Sec. 36. (a) Subject to the other requirements of
7 this section, the department of local government finance may:**

8 (1) negotiate an addendum to a contract referred to in section
9 35(i) of this chapter that is treated as a contract of the
10 department; or

11 (2) include provisions in a contract entered into by the
12 department under section 35(i) of this chapter;
13 to require the contractor of the department to represent the
14 department in appeals initiated under section 37 of this chapter
15 and to afford to each taxpayer in the county an opportunity to
16 attend an informal hearing.

17 (b) The purpose of the informal hearing referred to in
18 subsection (a) is to:

19 (1) discuss the specifics of the taxpayer's reassessment;

20 (2) review the taxpayer's property record card;

21 (3) explain to the taxpayer how the reassessment was
22 determined;

23 (4) provide to the taxpayer information about the statutes,
24 rules, and guidelines that govern the determination of the
25 reassessment;

26 (5) note and consider objections of the taxpayer;

27 (6) consider all errors alleged by the taxpayer; and

28 (7) otherwise educate the taxpayer about:

29 (A) the taxpayer's reassessment;

30 (B) the reassessment process; and

31 (C) the reassessment appeal process under section 37 of
32 this chapter.

33 (c) Following an informal hearing referred to in subsection (b),
34 the contractor shall:

35 (1) make a recommendation to the department of local
36 government finance as to whether a change in the
37 reassessment is warranted; and

38 (2) if recommending a change under subdivision (1), provide
39 to the department a statement of:

40 (A) how the changed reassessment was determined; and

41 (B) the amount of the changed reassessment.

42 (d) To preserve the right to appeal under section 37 of this

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chapter, a taxpayer must initiate the informal hearing process by notifying the department of local government finance or its designee of the taxpayer's intent to participate in an informal hearing referred to in subsection (b) not later than forty-five (45) days after the department of local government finance gives notice under section 35(j) of this chapter to taxpayers of the amount of the reassessment.

(e) The informal hearings referred to in subsection (b) must be conducted:

- (1) in the county where the property is located; and
- (2) in a manner determined by the department of local government finance.

(f) The department of local government finance shall:

- (1) consider the recommendation of the contractor under subsection (c); and
- (2) if the department accepts a recommendation that a change in the reassessment is warranted, accept or modify the recommended amount of the changed reassessment.

(g) The department of local government finance shall send a notice of the result of each informal hearing to:

- (1) the taxpayer;
- (2) the county auditor;
- (3) the county assessor; and
- (4) the township assessor of the township in which the property is located.

(h) A notice under subsection (g) must:

- (1) state whether the reassessment was changed as a result of the informal hearing; and
- (2) if the reassessment was changed as a result of the informal hearing:

- (A) indicate the amount of the changed reassessment; and
- (B) provide information on the taxpayer's right to appeal under section 37 of this chapter.

(i) If the department of local government finance does not send a notice under subsection (g) not later than two hundred seventy (270) days after the date the department gives notice of the amount of the reassessment under section 32(f) of this chapter:

- (1) the department may not change the amount of the reassessment under the informal hearing process described in this section; and
- (2) the taxpayer may appeal the reassessment under section 37 of this chapter.

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1 (j) The department of local government finance may adopt
2 emergency rules to establish procedures for informal hearings
3 under this section.

4 (k) Payment for an addendum to a contract under subsection
5 (a)(1) is made in the same manner as payment for the contract
6 under section 35(k) of this chapter.

7 SECTION 10. IC 6-1.1-4-37 IS ADDED TO THE INDIANA CODE
8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
9 UPON PASSAGE]: Sec. 37. (a) As used in this section, "special
10 master" refers to a person designated by the Indiana board under
11 subsection (e).

12 (b) The notice of reassessment under section 35(j) of this chapter
13 is subject to appeal by the taxpayer to the Indiana board. The
14 procedures and time limitations that apply to an appeal to the
15 Indiana board of a determination of the department of local
16 government finance do not apply to an appeal under this
17 subsection. The Indiana board may establish applicable procedures
18 and time limitations under subsection (l).

19 (c) In order to appeal under subsection (b), the taxpayer must:

20 (1) participate in the informal hearing process under section
21 36 of this chapter;

22 (2) except as provided in section 36(i) of this chapter, receive
23 a notice under section 36(g) of this chapter; and

24 (3) file a petition for review with the appropriate county
25 assessor not later than thirty (30) days after:

26 (A) the date of the notice to the taxpayer under section
27 36(g) of this chapter; or

28 (B) the date after which the department may not change
29 the amount of the reassessment under the informal hearing
30 process described in section 36 of this chapter.

31 (d) The Indiana board may develop a form for petitions under
32 subsection (c) that outlines:

33 (1) the appeal process;

34 (2) the burden of proof; and

35 (3) evidence necessary to warrant a change to a reassessment.

36 (e) The Indiana board may contract with, appoint, or otherwise
37 designate the following to serve as special masters to conduct
38 evidentiary hearings and prepare reports required under
39 subsection (g):

40 (1) Independent, licensed appraisers.

41 (2) Attorneys.

42 (3) Certified level two Indiana assessor-appraisers (including

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administrative law judges employed by the Indiana board).

(4) Other qualified individuals.

(f) Each contract entered into under subsection (e) must specify the appointee's compensation and entitlement to reimbursement for expenses. The compensation and reimbursement for expenses are paid from the county property reassessment fund. Payments under this subsection from the county property reassessment fund may not exceed five hundred thousand dollars (\$500,000).

(g) With respect to each petition for review filed under subsection (c), the special masters shall:

(1) set a hearing date;

(2) give notice of the hearing at least thirty (30) days before the hearing date, by mail, to:

(A) the taxpayer;

(B) the department of local government finance;

(C) the township assessor; and

(D) the county assessor;

(3) conduct a hearing and hear all evidence submitted under this section; and

(4) make evidentiary findings and file a report with the Indiana board.

(h) At the hearing under subsection (g):

(1) the taxpayer shall present:

(A) the taxpayer's evidence that the reassessment is incorrect;

(B) the method by which the taxpayer contends the reassessment should be correctly determined; and

(C) comparable sales, appraisals, or other pertinent information concerning valuation as required by the Indiana board; and

(2) the department of local government finance shall present its evidence that the reassessment is correct.

(i) The Indiana board may dismiss a petition for review filed under subsection (c) if the evidence and other information required under subsection (h)(1) is not provided at the hearing under subsection (g).

(j) The township assessor and the county assessor may attend and participate in the hearing under subsection (g).

(k) The Indiana board may:

(1) consider the report of the special masters under subsection (g)(4);

(2) make a final determination based on the findings of the

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special masters without:

(A) conducting a hearing; or

(B) any further proceedings; and

(3) incorporate the findings of the special masters into the board's findings in resolution of the appeal.

(l) The Indiana board may adopt emergency rules under IC 4-22-2-37.1 to:

(1) establish procedures to expedite:

(A) the conduct of hearings under subsection (g); and

(B) the issuance of determinations of appeals under subsection (k); and

(2) establish deadlines:

(A) for conducting hearings under subsection (g); and

(B) for issuing determinations of appeals under subsection (k).

(m) A determination by the Indiana board of an appeal under subsection (k) is subject to appeal to the tax court under IC 6-1.1-15.

SECTION 11. IC 6-1.1-4-38 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 38. (a) As used in this section, "contractor" means a reassessment contractor of the department of local government finance that is conducting a county's general reassessment under section 35 of this chapter.**

(b) As used in this section, "qualifying county" means a county in which the department of local government finance, under section 35 of this chapter, conducts the general reassessment, adjustment, or reassessment.

(c) As used in this section, "qualifying official" refers to any of the following:

(1) A county assessor of a qualifying county.

(2) A township assessor of a qualifying county.

(3) The county auditor of a qualifying county.

(4) The treasurer of a qualifying county.

(5) The county surveyor of a qualifying county.

(6) A member of the land valuation commission in a qualifying county.

(7) Any other township or county official in a qualifying county who has possession or control of information necessary or useful for a general reassessment, general reassessment review, or special reassessment of property to which section 35 of this chapter applies, including information in the

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possession or control of an employee or a contractor of the official.

(8) Any county official in a qualifying county who has control, review, or other responsibilities related to paying claims of a contractor submitted for payment under section 35 of this chapter.

(d) Upon petition from the department of local government finance or a contractor, the tax court may order a qualifying official to produce information requested in writing from the qualifying official by the department of local government finance or a contractor.

(e) If the tax court orders a qualifying official to provide requested information as described in subsection (d), the tax court shall order production of the information not later than fourteen (14) days after the date of the tax court's order.

(f) The tax court may find that any willful violation of this section by a qualifying official constitutes a direct contempt of the tax court.

SECTION 12. IC 6-1.1-4-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 39. (a) For assessment dates after February 28, 2003, except as provided in subsections (b) and (c), the true tax value of real property regularly rented or leased to furnish residential accommodations for periods of thirty (30) days or more is the lowest valuation determined after computing a valuation under each of the following mass appraisal approaches:**

(1) A cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) A sales comparison approach that compares data for generally comparable property.

(3) An income capitalization approach that uses an applicable capitalization method and appropriate capitalization rates in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The value of federal income tax credits may not be considered in determining the true tax value of the property.

(c) To carry out this section, the department of local government finance may adopt rules to establish land values that differ from the land values established under section 13.6 of this

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chapter for land used in connection with residential accommodations regularly rented or leased for periods of thirty (30) days or more. The department of local government shall notify the assessing officials in the county of the land values established under this subsection.

SECTION 13. IC 6-1.1-5.5-3, AS AMENDED BY P.L.245-2003, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format under IC 5-14-6 specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, **adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6**, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format under IC 5-14-6 specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure

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forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, **adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6**, and any other authorized purpose.

SECTION 14. IC 6-1.1-7-2, AS AMENDED BY P.L.90-2002, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The department of local government finance may adopt rules in order to provide a method for assessing mobile homes. These rules must be consistent with this article, **including the factors required under IC 6-1.1-31-7.**

SECTION 15. IC 6-1.1-7-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15. (a) For assessment dates after January 14, 2004, the true tax value of mobile homes regularly used to rent or lease to furnish residential accommodations for periods of thirty (30) days or more is the lowest valuation determined after computing a valuation under each of the following mass appraisal approaches:**

(1) A cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) A sales comparison approach that compares data for generally comparable property.

(3) An income capitalization approach that uses an applicable capitalization method and appropriate capitalization rates in computations that lead to an indication of value commensurate with the risks for the subject property use.

The value of federal income tax credits may not be considered in determining the true tax value of the property.

SECTION 16. IC 6-1.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. If a township assessor, county assessor, or county property tax assessment board of appeals believes that any taxable tangible property has been omitted from or undervalued on the assessment rolls or the tax duplicate for any year or years, the official or board shall give written notice under IC 6-1.1-3-20 or IC 6-1.1-4-22 of the assessment or increase in assessment **by giving the notice to the county treasurer for inclusion in the initial statement under IC 6-1.1-22-8 that is affected by the**

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1 **assessment or increase.** The notice shall contain a general description
 2 of the property and a statement describing the taxpayer's right to ~~file a~~
 3 ~~petition for request a preliminary conference with the township~~
 4 **assessor to review the assessment and the taxpayer's right to a**
 5 review with the county property tax assessment board of appeals under
 6 IC 6-1.1-15-1.

7 SECTION 17. IC 6-1.1-9-3, AS AMENDED BY P.L.90-2002,
 8 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JANUARY 1, 2004]: Sec. 3. (a) If a taxpayer files a personal property
 10 return for a particular year, personal property which is omitted from or
 11 undervalued on the return may be assessed, or its assessed value may
 12 be increased ~~only if the notice required under section 1 of this chapter~~
 13 ~~is given within not later than~~ three (3) years after the date the return
 14 is filed. However, if the taxpayer's personal property return for a
 15 particular year substantially complies with the provisions of this article
 16 and the regulations of the department of local government finance, an
 17 assessing official or a county property tax assessment board of appeals
 18 may change the assessed value claimed by the taxpayer on the return
 19 only within the ~~time~~ period prescribed in IC 6-1.1-16-1.

20 (b) If a taxpayer fails to file a personal property return for a
 21 particular year, the taxpayer's personal property may be assessed for
 22 that year ~~only if the notice required by section 1 of this chapter is given~~
 23 ~~within not later than~~ ten (10) years after the date on which the return
 24 for that year should have been filed.

25 (c) If a taxpayer files a fraudulent personal property return, or fails
 26 to file a return with the intent to evade the payment of property taxes,
 27 the assessment limitations prescribed in subsections (a) and (b) do not
 28 apply.

29 SECTION 18. IC 6-1.1-9-4 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Real
 31 property may be assessed, or its assessed value increased, for a prior
 32 year under this chapter ~~only if the notice required by section 1 of this~~
 33 ~~chapter is given within not later than~~ three (3) years after the
 34 assessment date for that prior year.

35 (b) With respect to real property which is owned by a bona fide
 36 purchaser without knowledge, no lien attaches for any property taxes
 37 which result from an assessment, or an increase in assessed value,
 38 made under this chapter for any period before his purchase of the
 39 property.

40 SECTION 19. IC 6-1.1-12-9, AS AMENDED BY P.L.272-2003,
 41 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 UPON PASSAGE]: Sec. 9. (a) An individual may obtain a deduction

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from the assessed value of the individual's real property, or mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed ~~twenty-five~~ **thirty-five** thousand dollars ~~(\$25,000); (\$35,000);~~

(3) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home;

(5) the assessed value of the real property, mobile home, or manufactured home does not exceed one hundred forty-four thousand dollars (\$144,000); and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, ~~and~~ 38, **43, and 44** of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the real property; or

(2) six thousand dollars (\$6,000).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser

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1 of:

2 (1) one-half (1/2) of the assessed value of the mobile home or
3 manufactured home; or

4 (2) six thousand dollars (\$6,000).

5 (d) An individual may not be denied the deduction provided under
6 this section because the individual is absent from the real property,
7 mobile home, or manufactured home while in a nursing home or
8 hospital.

9 (e) For purposes of this section, if real property, a mobile home, or
10 a manufactured home is owned by:

11 (1) tenants by the entirety;

12 (2) joint tenants; or

13 (3) tenants in common;

14 only one (1) deduction may be allowed. However, the age requirement
15 is satisfied if any one (1) of the tenants is at least sixty-five (65) years
16 of age.

17 (f) A surviving spouse is entitled to the deduction provided by this
18 section if:

19 (1) the surviving spouse is at least sixty (60) years of age on or
20 before December 31 of the calendar year preceding the year in
21 which the deduction is claimed;

22 (2) the surviving spouse's deceased husband or wife was at least
23 sixty-five (65) years of age at the time of a death;

24 (3) the surviving spouse has not remarried; and

25 (4) the surviving spouse satisfies the requirements prescribed in
26 subsection (a)(2) through (a)(6).

27 (g) An individual who has sold real property to another person
28 under a contract that provides that the contract buyer is to pay the
29 property taxes on the real property may not claim the deduction
30 provided under this section against that real property.

31 (h) In the case of tenants covered by subsection (a)(2)(B), if all of
32 the tenants are not at least sixty-five (65) years of age, the deduction
33 allowed under this section shall be reduced by an amount equal to the
34 deduction multiplied by a fraction. The numerator of the fraction is the
35 number of tenants who are not at least sixty-five (65) years of age, and
36 the denominator is the total number of tenants.

37 SECTION 20. IC 6-1.1-12-20, AS AMENDED BY P.L.90-2002,
38 SECTION 111, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JANUARY 1, 2004]: Sec. 20. (a) A property owner who
40 desires to obtain the deduction provided by section 18 of this chapter
41 must file a certified deduction application, on forms prescribed by the
42 department of local government finance, with the auditor of the county

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in which the rehabilitated property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. ~~Except as provided in subsection (b);~~ The application must be filed before May 10 of the year in which the addition to assessed value is made.

~~(b)~~ If notice of the addition to assessed value for any year is not given to the property owner before April 10 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township assessor.

~~(c)~~ **(b)** The application required by this section shall contain the following information:

- (1) a description of the property for which a deduction is claimed in sufficient detail to afford identification;
- (2) statements of the ownership of the property;
- (3) the assessed value of the improvements on the property before rehabilitation;
- (4) the number of dwelling units on the property;
- (5) the number of dwelling units rehabilitated;
- (6) the ~~increase in~~ assessed value ~~resulting from~~ **of the improvements after the rehabilitation, or an estimate of the assessed value if the assessed value is not known at the time of filing of the deduction application;** and
- (7) the amount of deduction claimed, ~~or an estimate of the deduction if the assessed value of the improvements is not known at the time of filing of the deduction application.~~

~~(d)~~ **(c)** A deduction application filed under this section is applicable for the year in which the increase in assessed value occurs and for the immediately following four (4) years without any additional application being filed.

~~(e)~~ **(d)** On verification of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 21. IC 6-1.1-12-24, AS AMENDED BY P.L.90-2002, SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. ~~Except as provided in subsection (b);~~ The application

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1 must be filed before May 10 of the year in which the addition to
2 assessed valuation is made.

3 ~~(b)~~ If notice of the addition to assessed valuation for any year is not
4 given to the property owner before April 10 of that year, the application
5 required by this section may be filed not later than thirty (30) days after
6 the date such a notice is mailed to the property owner at the address
7 shown on the records of the township assessor.

8 ~~(c)~~ **(b)** The application required by this section shall contain the
9 following information:

- 10 (1) the name of the property owner;
- 11 (2) a description of the property for which a deduction is claimed
- 12 in sufficient detail to afford identification;
- 13 (3) the assessed value of the improvements on the property before
- 14 rehabilitation;
- 15 (4) the ~~increase in the~~ assessed value of improvements ~~resulting~~
16 ~~from~~ **after** the rehabilitation, **or an estimate of the assessed**
17 **value if the assessed value is not known at the time of filing of**
18 **the deduction application;** and
- 19 (5) the amount of deduction claimed, **or an estimate of the**
20 **deduction if the assessed value of the improvements is not**
21 **known at the time of filing of the deduction application.**

22 ~~(d)~~ **(c)** A deduction application filed under this section is applicable
23 for the year in which the addition to assessed value is made and in the
24 immediate following four (4) years without any additional application
25 being filed.

26 ~~(e)~~ **(d)** On verification of the correctness of an application by the
27 assessor of the township in which the property is located, the county
28 auditor shall make the deduction.

29 SECTION 22. IC 6-1.1-12-37, AS AMENDED BY
30 P.L.192-2002(ss), SECTION 32, IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37. (a) Each year
32 a person who is entitled to receive the homestead credit provided under
33 IC 6-1.1-20.9 for property taxes payable in the following year is
34 entitled to a standard deduction from the assessed value of the real
35 property, mobile home not assessed as real property, or manufactured
36 home not assessed as real property that qualifies for the homestead
37 credit. The auditor of the county shall record and make the deduction
38 for the person qualifying for the deduction.

39 (b) Except as provided in section 40.5 of this chapter, the total
40 amount of the deduction that a person may receive under this section
41 for a particular year is the lesser of:

- 42 (1) one-half (1/2) of the assessed value of the real property,

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mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) **the following:**

(A) **Thirty-five thousand dollars (\$35,000), for property taxes first due and payable in 2003 (or that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on the date required under IC 6-1.1-4-4(a)).**

(B) **Forty-four thousand dollars (\$44,000), for property taxes first due and payable in 2004 (excluding any amount that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on the date required under IC 6-1.1-4-4(a)).**

(C) **Thirty-nine thousand five hundred dollars (\$39,500), for property taxes first due and payable in 2005.**

(D) **Thirty-five thousand dollars (\$35,000), for property taxes first due and payable in 2006 and thereafter.**

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 23. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 43. (a) As used in this section, "dwelling" has the meaning set forth in IC 6-1.1-20.9-1.**

(b) In addition to any other deduction that the person is entitled to take, each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year on real property containing a dwelling that was initially erected at least fifty (50) years before an assessment date to which the deduction applies is entitled to a historic property deduction from the assessed value of the real property that qualifies for the homestead credit. The county auditor of the county where the dwelling is located shall record and make the deduction for the person qualifying for the deduction.

(c) The amount of the deduction is:

(1) four thousand five hundred dollars (\$4,500) if the dwelling was initially erected at least fifty (50) years before an assessment date and not more than one hundred (100) years

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before the assessment date to which the deduction applies;
and

(2) nine thousand dollars (\$9,000) if the dwelling on the real property was initially erected more than one hundred (100) years before an assessment date to which the deduction applies.

(d) A person who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section with respect to that real property.

SECTION 24. IC 6-1.1-12-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 44. (a) As used in this section, "agricultural land" refers to land that is assessed as agricultural land under IC 6-1.1-4-13.

(b) As used in this chapter, "farm" means one (1) or more tracts of agricultural land with common ownership that are:

- (1) devoted to an agricultural use;
- (2) located in one (1) county; and
- (3) contiguous, as determined without regard to any intervening public, public utility, or transportation easements or rights-of-way.

(c) As used in this section, "farm owner" means a person that:

- (1) is an owner of a farm; and
- (2) either is:
 - (A) an individual who:
 - (i) actively participates in; and
 - (ii) alone or with one (1) or more other individuals substantially owns and controls; the use of the agricultural land; or
 - (B) a corporation (as defined in IC 6-3-1-10) or a partnership (as defined in IC 6-3-1-19) that, directly or indirectly, is substantially owned and controlled by one (1) or more individuals who actively participate in and substantially control the use of the agricultural land.

(d) As used in this section, "total farmland acreage" means total farmland acreage, as determined for agricultural land under the rules adopted by the department of local government finance.

(e) A farm owner is eligible for a farmstead deduction from the assessed valuation of the farm owner's farm. A farm owner is entitled to only one (1) farmstead deduction under this section, regardless of the number of farms in which the farm owner has an

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ownership interest.

(f) The amount of the farmstead deduction is equal to the lesser of the following:

(1) The amount specified in section 37(b)(2) of this chapter that is applicable to the year.

(2) Twenty percent (20%) of the assessed valuation of the total farmland acreage in the farm.

If the farm consists of more than one (1) tract that receives separate tax statements under IC 6-1.1-22-8, the farmstead deduction shall be allocated among the tracts in conformity with the rules adopted by the department of local government finance.

(g) To obtain the farmstead deduction under this section, a farm owner must file a certified statement in duplicate:

(1) on forms prescribed by the department of local government finance; and

(2) containing the information required by the department of local government finance;

with the county auditor of the county in which the agricultural land is subject to assessment. The statement must be filed before May 10 of the year containing the assessment date for the first year to which the farmstead deduction is to be applied. Upon verification of the statement by the township assessor of the township in which the agricultural land is subject to assessment, the county auditor shall allow the farmstead deduction.

(h) A person who receives a farmstead deduction under this section for a particular year and who remains eligible for the farmstead deduction for the following year is not required to file a statement to apply for the farmstead deduction for the following year.

(i) A person who receives a farmstead deduction provided under this section for a particular year and becomes ineligible for the farmstead deduction for the following year shall notify the county auditor of the county in which the agricultural land for which the person received the farmstead deduction is located of the person's ineligibility before March 31 of the year for which the person becomes ineligible. The filing of an amended application under subsection (k) meets the requirements of this subsection.

(j) The county auditor of each county shall, in a particular year, apply a farmstead deduction provided under this section to each person that received the farmstead deduction in the preceding year unless the auditor determines that the person is no longer eligible for the farmstead deduction.

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(k) The following do not terminate eligibility for a farmstead deduction under this section:

(1) A change in ownership of agricultural land if:

(A) a person who is a farm owner after the change in ownership or control files an amended application with the county auditor in the county where the farm is located, in the form prescribed by the department of local government finance before March 31 after the change in ownership occurs; and

(B) the agricultural land otherwise continues to qualify for the farmstead deduction under this section after the change in ownership or control.

(2) A change in the ownership or control of a corporation (as defined in IC 6-3-1-10) or a partnership (as defined in IC 6-3-1-19) that owns agricultural land, if the corporation or the partnership:

(A) files an amended application with the county auditor in the county where the agricultural land is located in the form prescribed by the department of local government finance before March 31 after the change in ownership or control land occurs; and

(B) otherwise continues to qualify for the farmstead deduction under this section after the change in ownership or control.

In applying subdivision (1) or (2) after the death of a farm owner or a shareholder, partner, member, or beneficiary of a farm owner, the person who is entitled to receive the property interest of the deceased person shall be treated as an owner of the deceased person's interest while the interest is in the estate of the deceased person.

SECTION 25. IC 6-1.1-12.1-5, AS AMENDED BY P.L.245-2003, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) A property owner who desires to obtain the deduction provided by section 3 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. Except as otherwise provided in subsection ~~(b)~~ or ~~(c)~~, ~~(d)~~, the deduction application must be filed before May 10 of the year in which the addition to assessed valuation is made.

~~(b) If notice of the addition to assessed valuation or new assessment for any year is not given to the property owner before April 10 of that year, the deduction application required by this section may be filed not~~

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1 later than thirty (30) days after the date such a notice is mailed to the
 2 property owner at the address shown on the records of the township
 3 assessor.

4 ~~(c)~~ (b) The deduction application required by this section must
 5 contain the following information:

6 (1) The name of the property owner.

7 (2) A description of the property for which a deduction is claimed
 8 in sufficient detail to afford identification.

9 (3) The assessed value of the improvements before rehabilitation.

10 (4) The ~~increase in the~~ assessed value of improvements, ~~resulting~~
 11 ~~from after~~ the rehabilitation, **or an estimate of the assessed**
 12 **value if the assessed value is not known at the time of filing**
 13 **the deduction application.**

14 (5) The assessed value of the new structure in the case of
 15 redevelopment, **or an estimate of the assessed value if the**
 16 **assessed value is not known at the time of filing the deduction**
 17 **application.**

18 (6) The amount of the deduction claimed for the first year of the
 19 deduction, **or an estimate of the deduction if the assessed value**
 20 **of the improvements is not known at the time of filing the**
 21 **deduction application.**

22 (7) If the deduction application is for a deduction in a
 23 residentially distressed area, the assessed value of the
 24 improvement or new structure for which the deduction is claimed,
 25 **or an estimate of the deduction if the assessed value of the**
 26 **improvement or new structure is not known at the time of**
 27 **filing the deduction application.**

28 ~~(d)~~ (c) A deduction application filed under subsection (a) ~~or~~ (b) is
 29 applicable for the year in which the addition to assessed value or
 30 assessment of a new structure is made and in the following years the
 31 deduction is allowed without any additional deduction application
 32 being filed. However, property owners who had an area designated an
 33 urban development area pursuant to a deduction application filed prior
 34 to January 1, 1979, are only entitled to a deduction for a five (5) year
 35 period. In addition, property owners who are entitled to a deduction
 36 under this chapter pursuant to a deduction application filed after
 37 December 31, 1978, and before January 1, 1986, are entitled to a
 38 deduction for a ten (10) year period.

39 ~~(e)~~ (d) A property owner who desires to obtain the deduction
 40 provided by section 3 of this chapter but who has failed to file a
 41 deduction application within the dates prescribed in subsection (a) ~~or~~
 42 ~~(b)~~ may file a deduction application between March 1 and May 10 of

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a subsequent year which shall be applicable for the year filed and the subsequent years without any additional deduction application being filed for the amounts of the deduction which would be applicable to such years pursuant to section 4 of this chapter if such a deduction application had been filed in accordance with ~~subsection (a) or (b)~~. **this section.**

~~(f)~~ **(e)** Subject to subsection ~~(i)~~, **(g)**, the county auditor shall act as follows:

(1) If a determination about the number of years the deduction is allowed has been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall make the appropriate deduction.

(2) If a determination about the number of years the deduction is allowed has not been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall send a copy of the deduction application to the designating body. Upon receipt of the resolution stating the number of years the deduction will be allowed, the county auditor shall make the appropriate deduction.

(3) If the deduction application is for rehabilitation or redevelopment in a residentially distressed area, the county auditor shall make the appropriate deduction.

~~(g)~~ **(f)** The amount and period of the deduction provided for property by section 3 of this chapter are not affected by a change in the ownership of the property if the new owner of the property:

(1) continues to use the property in compliance with any standards established under section 2(g) of this chapter; and

(2) files an application in the manner provided by subsection ~~(e)~~. **(d).**

~~(h)~~ The township assessor shall include a notice of the deadlines for filing a deduction application under subsections (a) and (b) with each notice to a property owner of an addition to assessed value or of a new assessment.

~~(i)~~ **(g)** Before the county auditor acts under subsection ~~(f)~~, **(e)**, the county auditor may request that the township assessor of the township in which the property is located review the deduction application.

~~(j)~~ **(h)** A property owner may appeal the determination of the county auditor under subsection ~~(f)~~ **(e)** **with respect to a deduction for a property under section 3 of this chapter** by filing a complaint in the office of the clerk of the circuit or superior court not more than forty-five (45) days after the county auditor gives the person notice of the determination. **date of mailing of the tax statement under IC 6-1.1-22-8 for the property taxes based on the assessed value of**

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1 **the property for which the owner seeks the deduction.**

2 SECTION 26. IC 6-1.1-13-1 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. The powers
4 granted to each county property tax assessment board of appeals under
5 this chapter apply only to the tangible property assessments made with
6 respect to the last preceding assessment date. ~~Before a county property~~
7 ~~tax assessment board of appeals changes any valuation or adds any~~
8 ~~tangible property and the value of it to a return or the assessment rolls~~
9 ~~under this chapter, the board shall give prior notice by mail to the~~
10 ~~taxpayer. The notice must state a time when and place where the~~
11 ~~taxpayer may appear before the board. The time stated in the notice~~
12 ~~must be at least ten (10) days after the date the notice is mailed.~~

13 SECTION 27. IC 6-1.1-14-11, AS AMENDED BY P.L.256-2003,
14 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JANUARY 1, 2004]: Sec. 11. The department of local government
16 finance shall give notice by mail to a taxpayer whose assessment is to
17 be reviewed under section 10 of this chapter. The notice shall state the
18 time, place, and object of a hearing on the assessment. The time fixed
19 for the hearing must be at least ten (10) days after the day the notice is
20 mailed. ~~After the hearing, The department of local government finance~~
21 ~~shall assess the property in question and mail a certified notice of its~~
22 ~~final determination give notice to the appropriate county auditor. In~~
23 ~~addition, the department of local government finance shall notify the~~
24 ~~taxpayer by mail of its final determination. of the amount of the~~
25 ~~assessed value of property reassessed under section 10 of this~~
26 ~~chapter. An assessment or reassessment may not be made under this~~
27 ~~section unless notice of the final determination of the department of~~
28 ~~local government finance is given to the taxpayer must be made within~~
29 ~~the same time period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4. for~~
30 ~~giving an assessment adjustment notice. A taxpayer may initiate an~~
31 ~~appeal of the department's final determination by filing a petition with~~
32 ~~the Indiana board not more than forty-five (45) days after the~~
33 ~~department gives the taxpayer notice of the final determination. date~~
34 ~~of mailing of the tax statement under IC 6-1.1-22-8 for the~~
35 ~~property taxes based on the assessed value of the property~~
36 ~~determined under section 10 of this chapter.~~

37 SECTION 28. IC 6-1.1-15-1, AS AMENDED BY P.L.178-2002,
38 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JANUARY 1, 2004]: Sec. 1. (a) A taxpayer may obtain a review by the
40 county property tax assessment board of appeals of a county or
41 township official's action with respect to the assessment of the
42 taxpayer's tangible property. ~~if the official's action requires the giving~~

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of notice to the taxpayer. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the county property tax assessment board of appeals. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) In order to appeal a current an assessment and have a change in the assessment effective for the most recent an assessment date, the taxpayer must file a petition with the assessor of the county in which the action is taken

- (1) within forty-five (45) days after notice of a change in the assessment is given to the taxpayer; or
- (2) May 10 of that year; whichever is later.

request in writing a preliminary conference with the township assessor of the township in which the property is located not later than forty-five (45) days after the date of mailing of the tax statement under IC 6-1.1-22-8. The county township assessor shall notify the county auditor that the assessment is under appeal. The preliminary conference required under this subsection is a prerequisite to a review by the county property tax assessment board of appeals under subsection (h).

(c) A change in an assessment made as a result of an appeal a request filed (1) in the same year that notice of a change in the assessment is given to the taxpayer; and (2) not later than the time prescribed in subsection (b) is effective for the year of the assessment on which the tax statement is based. If the request is filed after the time prescribed in subsection (b), becomes any change made as a result of the request is not effective for until the next assessment date following year.

(d) A taxpayer may appeal a current real property assessment in a year even if the taxpayer has not received a notice of assessment in the year. If an appeal is filed on or before May 10 of a year in which the taxpayer has not received notice of assessment, a change in the assessment resulting from the appeal is effective for the most recent assessment date. If the appeal is filed after May 10, the change becomes effective for the next assessment date.

(e) The department of local government finance shall prescribe the form of the petition for review of an assessment determination by a township assessor. The department shall issue instructions for completion of the form. The form and the instructions must be clear;

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simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the department. The form must require the petitioner to specify the following:

(1) The physical characteristics of the property in issue that bear on the assessment determination;

(2) All other facts relevant to the assessment determination;

(3) The reasons why the petitioner believes that the assessment determination by the township assessor is erroneous;

(f) The department of local government finance shall prescribe a form for a response by the township assessor to the petition for review of an assessment determination. The department shall issue instructions for completion of the form. The form must require the township assessor to indicate:

(1) agreement or disagreement with each item indicated on the petition under subsection (e); and

(2) the reasons why the assessor believes that the assessment determination is correct;

(d) The written request for a preliminary conference that is required under subsection (b) must include the following information:

(1) The name of the taxpayer.

(2) The address and parcel or key number of the property.

(3) The address and telephone number of the taxpayer.

(4) A brief statement that the taxpayer believes that the assessment determination is erroneous.

The request need not be certified or verified and need not be on any particular form.

(g) Immediately upon receipt of a timely filed petition on the form prescribed under subsection (e), the county assessor shall forward a copy of the petition to the township assessor who made the challenged assessment. (e) The township assessor shall, within thirty (30) days after the receipt of the petition, attempt to a written request for a preliminary conference, hold a preliminary conference with the petitioner and taxpayer to resolve as many issues as possible by:

(1) discussing the specifics of the taxpayer's reassessment;

(2) reviewing the taxpayer's property record card;

(3) explaining to the taxpayer how the reassessment was determined;

(4) providing to the taxpayer information about the statutes, rules, and guidelines that govern the determination of the reassessment;

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- (5) noting and considering objections of the taxpayer;
- (6) considering all errors alleged by the taxpayer; and
- (7) otherwise educating the taxpayer about:
 - (A) the taxpayer's reassessment;
 - (B) the reassessment process; and
 - (C) the reassessment appeal process.

Within ten (10) days after the conference, the township assessor shall forward to the county auditor and ~~county assessor a completed response to the petition on the form prescribed under subsection (f):~~ The county assessor shall immediately forward a copy of the response form to the ~~petitioner and the county property tax assessment board of appeals the~~ results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the township assessor. The township assessor and the taxpayer shall each retain a copy of the form for their records.

(f) The form submitted to the county property tax assessment board of appeals under subsection (e) must specify the following:

- (1) The physical characteristics of the property in issue that bear on the assessment determination.
- (2) All other facts relevant to the assessment determination.
- (3) A list of the reasons the taxpayer believes that the assessment determination by the county or township official is erroneous.
- (4) An indication of the township assessor's agreement or disagreement with each item listed under subdivision (3).
- (5) The reasons the township assessor believes that the assessment determination is correct.

(g) If after the conference there are no items listed in the ~~petition on the form submitted to the county property tax assessment board of appeals under subsection (e)~~ on which there is disagreement:

- (1) the township assessor shall give notice to the ~~petitioner, taxpayer,~~ the county property tax assessment board of appeals, and the county assessor of the assessment in the amount agreed to by the ~~petitioner taxpayer~~ and the township assessor; and
- (2) the county property tax assessment board of appeals may reserve the right to change the assessment under IC 6-1.1-9.

(h) If after the conference there are items listed in the ~~petition form submitted under subsection (e)~~ on which there is disagreement, the county property tax assessment board of appeals shall hold a hearing. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the county property tax assessment board of appeals. Except as

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provided in subsections (i) and (j), the hearing must be held within ninety (90) days of the **filing of the petition on those items of disagreement. except as provided in subsections (h) and (i): township assessor's receipt of the taxpayer's written request for a preliminary conference under subsection (b).** The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The township assessor or county assessor for the county must present the basis for the assessment decision on these items to the board of appeals at the hearing and the reasons the ~~petitioner's~~ **taxpayer's** appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item within sixty (60) days of the hearing, except as provided in subsections ~~(h)~~ **(i)** and ~~(i)~~ **(j)**. ~~If the township assessor does not attempt to hold a preliminary conference, the board shall accept the appeal of the petitioner at the hearing.~~

~~(h)~~ **(i)** This subsection applies to a county having a population of more than three hundred thousand (300,000). In the case of a petition filed after December 31, 2000, the county property tax assessment board of appeals shall:

- (1) hold its hearing within one hundred eighty (180) days instead of ninety (90) days; and
- (2) have a written record of the hearing and prepare a written statement of findings and a decision on each item within one hundred twenty (120) days after the hearing.

~~(i)~~ **(j)** This subsection applies to a county having a population of three hundred thousand (300,000) or less. With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the county property tax assessment board of appeals shall:

- (1) hold its hearing within one hundred eighty (180) days instead of ninety (90) days; and
- (2) have a written record of the hearing and prepare a written statement of findings and a decision on each item within one hundred twenty (120) days after the hearing.

~~(j)~~ **(k)** The county property tax assessment board of appeals:

- (1) may not require a taxpayer ~~that files a petition for review under this section~~ to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection ~~(g)~~ **(a)**; and
- (2) may ~~require the parties to the appeal to file not more than ten (10) days before the date of the hearing required under subsection (g) lists of witnesses and exhibits to be introduced at the hearing.~~

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1 **amend the form submitted under subsection (e) if the board**
 2 **determines that the amendment is warranted.**

3 SECTION 29. IC 6-1.1-15-2.1, AS AMENDED BY P.L.198-2001,
 4 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]: Sec. 2.1. (a) The county property tax assessment
 6 board of appeals may assess the tangible property in question.

7 (b) The county property tax assessment board of appeals shall, by
 8 mail, give notice of the date fixed for the hearing under section 1 of this
 9 chapter to the ~~petitioner~~, **taxpayer** and to the township assessor.

10 ~~(c) If a petition for review does not comply with the department of~~
 11 ~~local government finance's instructions for completing the form~~
 12 ~~prescribed under section 1(e) of this chapter; the county assessor shall~~
 13 ~~return the petition to the petitioner and include a notice describing the~~
 14 ~~defect in the petition. The petitioner then has thirty (30) days from the~~
 15 ~~date on the notice to cure the defect and file a corrected petition or~~
 16 ~~statement with the county assessor that the petitioner believes the~~
 17 ~~petition is not defective. If a statement is filed or the county assessor~~
 18 ~~believes a corrected petition is not in compliance with section 1(e) of~~
 19 ~~this chapter; the assessor shall forward the statement or corrected~~
 20 ~~petition to the county property tax assessment board of appeals. Within~~
 21 ~~ten (10) days after receiving the statement or petition; the county~~
 22 ~~property tax assessment board of appeals shall determine if the original~~
 23 ~~or corrected petition is still not in compliance. The county property tax~~
 24 ~~assessment board of appeals shall deny an original or a corrected~~
 25 ~~petition for review if it does not substantially comply with the~~
 26 ~~department of local government finance's instructions for completing~~
 27 ~~the form prescribed under section 1(e) of this chapter.~~

28 ~~(d)~~ **(c)** The department of local government finance shall prescribe
 29 a form for use by the county property tax assessment board of appeals
 30 in processing ~~petitions for a review of an assessment determinations:~~
 31 **determination.** The department shall issue instructions for completion
 32 of the form. The form must require the county property tax assessment
 33 board of appeals to include a record of the hearing, findings on each
 34 item, and indicate agreement or disagreement with each item that is

35 ~~(1) indicated on the petition form submitted by the taxpayer and~~
 36 **township assessor** under section 1(e) of this chapter. ~~and~~

37 ~~(2) included in the township assessor's response under section~~
 38 ~~1(g) of this chapter.~~

39 The form must also require the county property tax assessment board
 40 of appeals to indicate the issues in dispute for each item and its reasons
 41 in support of its resolution of those issues.

42 ~~(e)~~ **(d)** After the hearing the county property tax assessment board

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of appeals shall, by mail, give notice of its determination to the ~~petitioner~~, **petitioner**, the township assessor, and the county assessor and shall include with the notice copies of the forms completed under subsection ~~(d)~~; **(c)**.

SECTION 30. IC 6-1.1-15-10, AS AMENDED BY P.L.1-2002, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) If a petition for review to any board or a proceeding for judicial review in the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in assessment are, notwithstanding the provisions of IC 6-1.1-22-9, not due until after the petition for review, or the proceeding for judicial review, is finally adjudicated and the assessment or increase in assessment is finally determined. However, even though a petition for review or a proceeding for judicial review is pending, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, unless the collection of the taxes is stayed under IC 4-21.5-5-9 pending a final determination in the proceeding for judicial review. The amount of taxes which the taxpayer is required to pay, pending the final determination of the assessment or increase in assessment, shall be based on:

(1) the assessed value reported by the taxpayer on the taxpayer's personal property return if a personal property assessment, or an increase in such an assessment, is involved; or

(2) an amount based on the immediately preceding year's assessment of real property if an assessment, or increase in assessment, of real property is involved.

(b) If the petition for review or the proceeding for judicial review is not finally determined by the last installment date for the taxes, the taxpayer, upon showing of cause by a taxing official or at the tax court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment.

(c) Each county auditor shall keep separate on the tax duplicate a ~~record of that portion of~~ the assessed value of property

~~(1) on which a taxpayer is not required to pay taxes under subsection (a); or~~

~~(2) that is described in IC 6-1.1-17-0.5(b).~~

When establishing rates and calculating state school support, the department of local government finance shall ~~recognize the fact that a taxpayer is not required to pay taxes under certain circumstances~~ **exclude from assessed value in the county the assessed value of property kept separate on the tax duplicate by the county auditor**

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1 **under IC 6-1.1-17-0.5(b).**

2 SECTION 31. IC 6-1.1-15-11, AS AMENDED BY P.L.90-2002,
3 SECTION 140, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 11. If a review or appeal
5 authorized under this chapter results in a reduction of the amount of an
6 assessment or if the department of local government finance on its own
7 motion reduces an assessment, the taxpayer is entitled to a credit in the
8 amount of any overpayment of tax on the next successive tax
9 installment, if any, due in that year. ~~If~~ After the credit is given, **the**
10 **county auditor shall:**

11 (1) ~~determine if~~ a further amount is due the taxpayer; ~~he may file~~
12 ~~a claim for and~~

13 (2) **if a further amount is due the taxpayer, notwithstanding**
14 **IC 5-11-10-1 and IC 36-2-6-2, amount due.** ~~If the claim is~~
15 ~~allowed by The board of county commissioners; the county~~
16 ~~auditor shall;~~ without **a claim or** an appropriation being required,
17 pay the amount due the taxpayer.

18 The county auditor shall charge the amount refunded to the taxpayer
19 against the accounts of the various taxing units to which the
20 overpayment has been paid. **The county auditor shall notify the**
21 **county executive of the payment of the amount due and publish the**
22 **allowance in the manner provided in IC 36-2-6-3.**

23 SECTION 32. IC 6-1.1-15-13 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 13. ~~If notice of the~~
25 ~~action of a board or official is not otherwise given in accordance with~~
26 ~~the general assessment provisions of this article;~~ The receipt by the
27 taxpayer of the tax bill resulting from ~~that an~~ **action of a board or an**
28 **official** is the taxpayer's notice for the purpose of determining the
29 taxpayer's right to obtain a review or initiate an appeal under this
30 chapter.

31 SECTION 33. IC 6-1.1-16-1, AS AMENDED BY P.L.90-2002,
32 SECTION 144, IS AMENDED TO READ AS FOLLOWS
33 [EFFECTIVE JANUARY 1, 2004]: Sec. 1. (a) Except as provided in
34 section 2 of this chapter, an assessing official, county assessor, or
35 county property tax assessment board of appeals may not change the
36 assessed value claimed by a taxpayer on a personal property return
37 unless the assessing official, county assessor, or county property tax
38 assessment board of appeals takes the action ~~and gives the notice~~
39 ~~required by IC 6-1.1-3-20~~ within the following time periods:

40 (1) A township or county assessing official must make a change
41 in the assessed value ~~and give the notice of the change on or~~
42 before the ~~tatter~~ **later** of:

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- 1 (A) September 15 of the year for which the assessment is
 2 made; or
 3 (B) four (4) months from the date the personal property return
 4 is filed if the return is filed after May 15 of the year for which
 5 the assessment is made.
- 6 (2) A county assessor or county property tax assessment board of
 7 appeals must make a change in the assessed value, including the
 8 final determination by the board of an assessment changed by a
 9 township or county assessing official, or county property tax
 10 assessment board of appeals ~~and give the notice of the change on~~
 11 or before the ~~latter~~ **later** of:
- 12 (A) October 30 of the year for which the assessment is made;
 13 or
 14 (B) five (5) months from the date the personal property return
 15 is filed if the return is filed after May 15 of the year for which
 16 the assessment is made.
- 17 (3) The department of local government finance must make a
 18 ~~preliminary~~ change in the assessed value ~~and give the notice of~~
 19 ~~the change~~ on or before the ~~latter~~ **later** of:
- 20 (A) October 1 of the year immediately following the year for
 21 which the assessment is made; or
 22 (B) sixteen (16) months from the date the personal property
 23 return is filed if the return is filed after May 15 of the year for
 24 which the assessment is made.
- 25 (b) Except as provided in section 2 of this chapter, if an assessing
 26 official, a county assessor, or a county property tax assessment board
 27 of appeals fails to change an assessment ~~and give notice of the change~~
 28 within the time prescribed by this section, the assessed value claimed
 29 by the taxpayer on the personal property return is final.
- 30 (c) This section does not limit the authority of a county auditor to
 31 correct errors in a tax duplicate under IC 6-1.1-15-12.
- 32 (d) This section does not apply if the taxpayer:
- 33 (1) fails to file a personal property return which substantially
 34 complies with the provisions of this article and the regulations of
 35 the department of local government finance; or
 36 (2) files a fraudulent personal property return with the intent to
 37 evade the payment of property taxes.
- 38 (e) A taxpayer may appeal a ~~preliminary~~ determination of the
 39 department of local government finance under subsection (a)(3) to the
 40 Indiana board ~~An appeal under this subdivision shall be conducted in~~
 41 ~~the same manner as an appeal under IC 6-1.1-15-4 through~~
 42 ~~IC 6-1.1-15-8.~~ **by filing a petition with the Indiana board not more**

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1 **than forty-five (45) days after the date of mailing of the tax**
 2 **statement under IC 6-1.1-22-8 for the property taxes based on the**
 3 **assessed value of the property determined under subsection (a)(3).**
 4 A preliminary determination that is not appealed under this subsection
 5 is a final unappealable order of the department of local government
 6 finance.

7 SECTION 34. IC 6-1.1-17-20 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) This section
 9 applies:

10 (1) to each governing body of a taxing unit that is not comprised
 11 of a majority of officials who are elected to serve on the
 12 governing body; and

13 (2) if the proposed property tax levy for the taxing unit for the
 14 ensuing calendar year is more than five percent (5%) greater than
 15 the property tax levy for the taxing unit for the current calendar
 16 year.

17 (b) As used in this section, "taxing unit" has the meaning set forth
 18 in IC 6-1.1-1-21, except that the term does not include a school
 19 corporation. ~~or a public library district.~~

20 (c) If:

21 (1) the assessed valuation of a taxing unit is entirely contained
 22 within a city or town; or

23 (2) the assessed valuation of a taxing unit is not entirely contained
 24 within a city or town but the taxing unit was originally established
 25 by the city or town;

26 the governing body shall submit its proposed budget and property tax
 27 levy to the city or town fiscal body. The proposed budget and levy shall
 28 be submitted at least fourteen (14) days before the city or town fiscal
 29 body is required to hold budget approval hearings under this chapter.

30 (d) If subsection (c) does not apply, the governing body of the taxing
 31 unit shall submit its proposed budget and property tax levy to the
 32 county fiscal body in the county where the taxing unit has the most
 33 assessed valuation. The proposed budget and levy shall be submitted
 34 at least fourteen (14) days before the county fiscal body is required to
 35 hold budget approval hearings under this chapter.

36 (e) The fiscal body of the city, town, or county (whichever applies)
 37 shall review each budget and proposed tax levy and adopt a final
 38 budget and tax levy for the taxing unit. The fiscal body may reduce or
 39 modify but not increase the proposed budget or tax levy. ~~However, the~~
 40 ~~fiscal body may not reduce the proposed tax levy to an amount that is~~
 41 ~~less than the maximum permissible levy under IC 6-1.1-18.5-3.~~

42 SECTION 35. IC 6-1.1-18.5-1, AS AMENDED BY P.L.198-2001,



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SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means: ~~the greater of:~~

~~(1) the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined under section 3 of this chapter; or~~

(1) for purposes of determining a civil taxing unit's maximum ad valorem property tax levy for the ensuing calendar year first due and payable in 2004 (excluding any amount that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on March 1, 2002), the amount determined under section 21 of this chapter; and

(2) for purposes of determining the maximum ad valorem property tax levy for an ensuing calendar year after 2004, the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 36. IC 6-1.1-18.5-2, AS AMENDED BY P.L.192-2002(ss), SECTION 35, IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana nonfarm personal income" means the estimate of total nonfarm personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

(b) For purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) The following:

(i) **One and five-hundredths (1.05) for ad valorem property tax levies for the ensuing calendar year 2004 (excluding any amount that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on March 1, 2002).**

(ii) **One and six-hundredths (1.06) for ad valorem property tax levies for an ensuing year after 2004.**

SECTION 37. IC 6-1.1-18-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

(1) property tax rate or rates; or

(2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted:

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- 1 (1) each time an annual adjustment of the assessed value of
- 2 real property takes effect under IC 6-1.1-4-4.5; and
- 3 (2) each time a general reassessment of real property takes
- 4 effect under IC 6-1.1-4-4.
- 5 (d) The statutes to which subsection (a) refers are:
- 6 (1) IC 6-1.1-18-2;
- 7 (2) IC 6-1.1-18.5-13(6);
- 8 (3) IC 6-1.1-18.5-13(7);
- 9 (4) IC 6-1.1-18.5-13(8);
- 10 (5) IC 6-1.1-18.5-13(10);
- 11 (6) IC 8-10-5-17;
- 12 (7) IC 8-22-3-11;
- 13 (8) IC 8-22-3-25;
- 14 (9) IC 12-20-23-2;
- 15 (10) IC 12-29-1-1;
- 16 (11) IC 12-29-1-2;
- 17 (12) IC 12-29-1-3;
- 18 (13) IC 12-29-2-13;
- 19 (14) IC 12-29-3-6;
- 20 (15) IC 13-21-3-12;
- 21 (16) IC 13-21-3-15;
- 22 (17) IC 14-27-6-30;
- 23 (18) IC 14-33-7-3;
- 24 (19) IC 14-33-21-5;
- 25 (20) IC 15-1-6-2;
- 26 (21) IC 15-1-8-1;
- 27 (22) IC 15-1-8-2;
- 28 (23) IC 16-20-2-18;
- 29 (24) IC 16-20-4-27;
- 30 (25) IC 16-20-7-2;
- 31 (26) IC 16-23-1-29;
- 32 (27) IC 16-23-3-6;
- 33 (28) IC 16-23-4-2;
- 34 (29) IC 16-23-5-6;
- 35 (30) IC 16-23-7-2;
- 36 (31) IC 16-23-8-2;
- 37 (32) IC 16-23-9-2;
- 38 (33) IC 16-41-15-5;
- 39 (34) IC 16-41-33-4;
- 40 (35) IC 20-5-17.5-2;
- 41 (36) IC 20-5-17.5-3;
- 42 (37) IC 20-5-37-4;

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- 1 (38) IC 20-14-7-5.1;
 2 (39) IC 20-14-7-6;
 3 (40) IC 20-14-13-12;
 4 (41) IC 21-1-11-3;
 5 (42) IC 21-2-17-2;
 6 (43) IC 23-13-17-1;
 7 (44) IC 23-14-66-2;
 8 (45) IC 23-14-67-3;
 9 (46) IC 36-7-13-4;
 10 (47) IC 36-7-14-28;
 11 (48) IC 36-7-15.1-16;
 12 (49) IC 36-8-19-8.5;
 13 (50) IC 36-9-6.1-2;
 14 (51) IC 36-9-17.5-4;
 15 (52) IC 36-9-27-73;
 16 (53) IC 36-9-29-31;
 17 (54) IC 36-9-29.1-15;
 18 (55) IC 36-10-6-2;
 19 (56) IC 36-10-7-7;
 20 (57) IC 36-10-7-8;
 21 (58) IC 36-10-7.5-19; and
 22 (59) any statute enacted after December 31, 2003, that:
 23 (A) establishes a maximum rate for any part of the:
 24 (i) property taxes; or
 25 (ii) special benefits taxes;
 26 imposed by a political subdivision; and
 27 (B) does not exempt the maximum rate from the
 28 adjustment under this section.
 29 (e) The new maximum rate under a statute listed in subsection
 30 (d) is the tax rate determined under STEP SEVEN of the following
 31 STEPS:
 32 STEP ONE: Determine the maximum rate for the political
 33 subdivision levying a property tax or special benefits tax
 34 under the statute for the year preceding the year in which the
 35 annual adjustment or general reassessment takes effect.
 36 STEP TWO: Determine the actual percentage increase
 37 (rounded to the nearest one-hundredth percent (0.01%)) in
 38 the assessed value (before the adjustment, if any, under
 39 IC 6-1.1-4-4.5) of the taxable property from the year
 40 preceding the year the annual adjustment or general
 41 reassessment takes effect to the year that the annual
 42 adjustment or general reassessment takes effect.



STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The maximum property tax rates under:

(1) IC 14-23-3-3; and

(2) IC 15-1.5-8-1;

are subject to the adjustment under the subsection (e) formula for property taxes first due and payable after 2005.

(g) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

SECTION 38. IC 6-1.1-18.5-16, AS AMENDED BY P.L.90-2002, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

(1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;

(2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and

(3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government

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1 finance.

2 (b) A civil taxing unit may request permission from the local
3 government tax control board to impose an ad valorem property
4 tax levy that exceeds the limits imposed by section 3 of this chapter
5 if the civil taxing unit experienced a property tax revenue shortfall
6 because of the payment of refunds that resulted from appeals
7 under this article and IC 6-1.5.

8 (c) If the local government tax control board determines that ~~such~~
9 a shortfall **described in subsection (a) or (b)** has occurred, it shall
10 recommend to the department of local government finance that the civil
11 taxing unit be allowed to impose a property tax levy exceeding the limit
12 imposed by section 3 of this chapter, and the department ~~shall~~ **may**
13 adopt such recommendation. However, the maximum amount by which
14 the civil taxing unit's levy may be increased over the limits imposed by
15 section 3 of this chapter equals the remainder of the civil taxing unit's
16 property tax levy for the particular calendar year as finally approved by
17 the department of local government finance minus the actual property
18 tax levy collected by the civil taxing unit for that particular calendar
19 year.

20 ~~(c)~~ (d) Any property taxes collected by a civil taxing unit over the
21 limits imposed by section 3 of this chapter under the authority of this
22 section may not be treated as a part of the civil taxing unit's maximum
23 permissible ad valorem property tax levy for purposes of determining
24 its maximum permissible ad valorem property tax levy for future years.

25 ~~(d)~~ (e) If the department of local government finance authorizes an
26 excess tax levy under this section, it shall take appropriate steps to
27 insure that the proceeds are first used to repay any loan made to the
28 civil taxing unit for the purpose of meeting its current expenses.

29 SECTION 39. IC 6-1.1-18.5-17, AS AMENDED BY P.L.90-2002,
30 SECTION 172, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2004]: Sec. 17. (a) As used in this section, "levy
32 excess" means the part of the ad valorem property tax levy actually
33 collected by a civil taxing unit, for taxes first due and payable during
34 a particular calendar year, that exceeds the civil taxing unit's ad
35 valorem property tax levy, as approved by the department of local
36 government finance under IC 6-1.1-17.

37 (b) A civil taxing unit's levy excess is valid and may not be
38 contested on the grounds that it exceeds the civil taxing unit's levy limit
39 for the applicable calendar year. However, the civil taxing unit shall
40 deposit, except as provided in subsection (h), ~~the part of its levy that~~
41 ~~exceeds one hundred two percent (102%) of the civil taxing unit's ad~~
42 ~~valorem property tax levy for the applicable calendar year, as approved~~

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1 by the department of local government finance under IC 6-1.1-17,
 2 **excess** in a special fund to be known as the civil taxing unit's levy
 3 excess fund.

4 (c) The chief fiscal officer of a civil taxing unit may invest money
 5 in the civil taxing unit's levy excess fund in the same manner in which
 6 money in the civil taxing unit's general fund may be invested. However,
 7 any income derived from investment of the money shall be deposited
 8 in and becomes a part of the levy excess fund.

9 (d) The department of local government finance ~~may~~ **shall** require
 10 a civil taxing unit to include the amount in its levy excess fund in the
 11 civil taxing unit's budget fixed under IC 6-1.1-17.

12 (e) Except as provided by subsection (f), a civil taxing unit may not
 13 spend any money in its levy excess fund until the expenditure of the
 14 money has been included in a budget that has been approved by the
 15 department of local government finance under IC 6-1.1-17. For
 16 purposes of fixing its budget and for purposes of the **ad valorem**
 17 property tax levy limits imposed under this chapter, a civil taxing unit
 18 shall treat the money in its levy excess fund that the department of local
 19 government finance permits it to spend during a particular calendar
 20 year as part of its ad valorem property tax levy for that same calendar
 21 year.

22 (f) A civil taxing unit may transfer money from its levy excess fund
 23 to its other funds to reimburse those funds for amounts withheld from
 24 the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

25 (g) Subject to the limitations imposed by this section, a civil taxing
 26 unit may use money in its levy excess fund for any lawful purpose for
 27 which money in any of its other funds may be used.

28 (h) If the amount that would, notwithstanding this subsection, be
 29 deposited in the levy excess fund of a civil taxing unit for a particular
 30 calendar year is less than one hundred dollars (\$100), no money shall
 31 be deposited in the levy excess fund of the unit for that year.

32 SECTION 40. IC 6-1.1-18.5-21 IS ADDED TO THE INDIANA
 33 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: **Sec. 21. (a) The**
 35 **department of local government finance shall recalculate a civil**
 36 **taxing unit's maximum permissible ad valorem property tax levy**
 37 **for the preceding calendar year under this section and use the**
 38 **recalculated amount in the computations under section 3 of this**
 39 **chapter to determine the civil taxing unit's maximum ad valorem**
 40 **property tax levy for the ensuing calendar year of 2004.**

41 (b) The recalculated maximum permissible ad valorem property
 42 tax levy for the preceding calendar year is the amount determined

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under STEP SIX of the following formula:

STEP ONE: Determine the civil taxing unit's certified ad valorem property tax levy for calendar year 2002, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for calendar year 2002 under IC 6-1.1-17.

STEP TWO: Multiply the STEP ONE amount by one and five hundredths (1.05).

STEP THREE: Determine the amount of that part of the civil taxing unit's certified ad valorem property tax levy for calendar year 2003, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for calendar year 2003 under IC 6-1.1-17, that resulted from the granting of one (1) or more appeals filed under section 12 of this chapter in 2002 for the ensuing calendar year 2003.

STEP FOUR: Determine the sum of the STEP TWO and STEP THREE amounts.

STEP FIVE: Determine the civil taxing unit's total certified ad valorem property tax levy for calendar year 2003, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for calendar year 2003 under IC 6-1.1-17.

STEP SIX: Determine the lesser of the following:

(A) The STEP FOUR amount.

(B) The STEP FIVE amount.

SECTION 41. IC 6-1.1-18.6-2, AS AMENDED BY P.L.273-1999, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 2. A county may not impose a county family and children property tax levy for an ensuing calendar year that exceeds the product of:

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the ~~maximum~~ county family and children property tax levy that the county ~~could have~~ imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

The subdivision (2) amount does not include the amount levied for debt incurred to fund a budget for a calendar year preceding the ensuing calendar year by two (2).

SECTION 42. IC 6-1.1-18.6-2.2, AS ADDED BY P.L.224-2003,

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SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 2.2. A county may not impose a county children's psychiatric residential treatment services property tax levy for an ensuing calendar year that exceeds the product of:

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the ~~maximum~~ county children's psychiatric residential treatment services property tax levy that the county ~~could have~~ imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

The subdivision (2) amount does not include the amount levied for debt incurred to fund a budget for a calendar year preceding the ensuing calendar year by two (2).

SECTION 43. IC 6-1.1-19-1.5, AS AMENDED BY P.L.276-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP THREE and not under STEP FOUR;

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(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP THREE; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP THREE or STEP FOUR.

STEP THREE: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) five cents (\$0.05).

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) five cents (\$0.05).

STEP FIVE: Determine the result of:

(A) the STEP TWO (C), STEP THREE, or STEP FOUR result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

STEP SIX: Determine the result of:

(A) the STEP FIVE result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.

(c) For purposes of this section, "total assessed value" ~~as adjusted~~

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1 under subsection (d), with respect to a school corporation means the
 2 total assessed value of all taxable property for ad valorem property
 3 taxes first due and payable during that year.

4 ~~(d)~~ The department of local government finance may adjust the total
 5 assessed value of a school corporation to eliminate the effects of
 6 appeals and settlements arising from a statewide general reassessment
 7 of real property.

8 ~~(e)~~ (d) The department of local government finance shall annually
 9 establish an assessment ratio and adjustment factor for each school
 10 corporation to be used upon the review and recommendation of the
 11 budget committee. The information compiled, including background
 12 documentation, may not be used in a:

13 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
 14 IC 6-1.1-14, or IC 6-1.1-15;

15 (2) petition for a correction of error under IC 6-1.1-15-12; or

16 (3) petition for refund under IC 6-1.1-26.

17 ~~(f)~~ (e) All tax rates shall be computed by rounding the rate to the
 18 nearest one-hundredth of a cent (\$0.0001). All tax levies shall be
 19 computed by rounding the levy to the nearest dollar amount.

20 ~~(g)~~ (f) For the calendar year beginning January 1, 2004, and ending
 21 December 31, 2004, a school corporation may impose a general fund
 22 ad valorem property tax levy in the amount determined under STEP
 23 ~~SEVEN EIGHT~~ of the following formula:

24 STEP ONE: Determine the quotient of:

25 (A) the school corporation's 2003 assessed valuation; divided
 26 by

27 (B) the school corporation's 2002 assessed valuation.

28 STEP TWO: Determine the greater of zero (0) or the difference
 29 between:

30 (A) the STEP ONE amount; minus

31 (B) one (1).

32 STEP THREE: Determine the lesser of eleven-hundredths (0.11)
 33 or the product of:

34 (A) the STEP TWO amount; multiplied by

35 (B) eleven-hundredths (0.11).

36 STEP FOUR: Determine the sum of:

37 (A) the STEP THREE amount; plus

38 (B) one (1).

39 STEP FIVE: Determine the product of:

40 (A) the STEP FOUR amount; multiplied by

41 (B) the school corporation's general fund ad valorem property
 42 tax levy for calendar year 2003.

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1 STEP SIX: Determine the lesser of:

2 (A) the STEP FIVE amount; or

3 (B) the levy resulting from using the school corporation's
4 previous year property tax rate after increasing the rate by five
5 cents (\$0.05).

6 STEP SEVEN: Determine the result of:

7 (A) the STEP SIX amount; plus

8 (B) an amount equal to the annual decrease in federal aid to
9 impacted areas from the year preceding the ensuing calendar
10 year by three (3) years to the year preceding the ensuing
11 calendar year by two (2) years.

12 The maximum levy is to include the part of any excessive levy
13 and the levy for new facilities.

14 STEP EIGHT: Determine the result of:

15 (A) the STEP SEVEN result; plus

16 (B) the product of:

17 (i) the weighted average of the amounts determined under
18 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
19 attended by students who have legal settlement in the school
20 corporation; multiplied by

21 (ii) thirty-five hundredths (0.35).

22 In determining the number of students for purposes of this
23 STEP, each kindergarten pupil shall be counted as one-half
24 (1/2) pupil.

25 The result determined under this STEP may not be included in the
26 school corporation's adjusted base levy for the year following the
27 year in which the result applies or in the school corporation's
28 determination of tuition support.

29 SECTION 44. IC 6-1.1-19-1.7, AS AMENDED BY P.L.90-2002,
30 SECTION 174, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JANUARY 1, 2004]: Sec. 1.7. (a) As used in this
32 section, "levy excess" means that portion of the ad valorem property tax
33 levy actually collected by a school corporation, for taxes first due and
34 payable during a particular calendar year, which exceeds the school
35 corporation's total levy, as approved by the department of local
36 government finance under IC 6-1.1-17, for those property taxes.

37 (b) A school corporation's levy excess is valid, and the general fund
38 portion of a school corporation's levy excess may not be contested on
39 the grounds that it exceeds the school corporation's general fund levy
40 limit for the applicable calendar year. However, the school corporation
41 shall deposit, except as provided in subsection (h), ~~that portion of a~~
42 ~~school corporation's~~ its levy excess ~~which exceeds one hundred two~~

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percent (102%) of the school corporation's total levy, as approved by the department of local government finance under IC 6-1.1-17, for the applicable calendar year, in a special fund to be known as the school corporation's levy excess fund.

(c) The chief fiscal officer of a school corporation may invest money in the school corporation's levy excess fund in the same manner in which money in the school corporation's general fund may be invested. However, any income derived from investment of the money shall be deposited in and become a part of the levy excess fund.

(d) The department of local government finance may require a school corporation to include the amount in the school corporation's levy excess fund in the school corporation's budget fixed under IC 6-1.1-17.

(e) Except as provided in subsection (f), a school corporation may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the **ad valorem** property tax levy limits fixed under this chapter, a school corporation shall treat the money in its levy excess fund that the department of local government finance permits the school corporation to spend during a particular calendar year as part of the school corporation's ad valorem property tax levy for that same calendar year.

(f) A school corporation may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the school corporation as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a school corporation may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would be deposited in the levy excess fund of a school corporation for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the school corporation for that year.

SECTION 45. IC 6-1.1-19-4.7, AS AMENDED BY P.L.90-2002, SECTION 182, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.7. (a) With respect to every appeal petition that:

- (1) is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter; and
- (2) includes a request for emergency relief for the purpose of making up a shortfall that has resulted:

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(A) whenever:

- (i) erroneous assessed valuation figures were provided to the school corporation;
- (ii) erroneous figures were used to determine the school corporation's total property tax rate; and
- (iii) the school corporation's general fund tax levy was reduced under IC 6-1.1-17-16(d); or

(B) ~~whenever the assessed valuation figures that were provided to and used by the school corporation to determine the property tax rate did not accurately reflect because of the payment of refunds that resulted from appeals filed by property owners under IC 6-1.1 and IC 6-1.5;~~

the tax control board shall recommend to the department of local government finance that the school corporation receive emergency financial relief. The relief shall be in the form specified in section 4.5(b)(1) through 4.5(b)(7) of this chapter, or in a combination of the forms of relief specified in section 4.5(b)(1) through 4.5(b)(7) of this chapter.

(b) The tax control board shall, if the tax control board determines that a shortfall exists as described in subsection (a), recommend that a school corporation that appeals for the purpose stated in subsection (a) be permitted to collect an excessive tax levy for a specified calendar year in the amount of the difference between:

- (1) the school corporation's property tax levy for a particular year as finally approved by the department of local government finance; and
- (2) the school corporation's actual property tax levy for the particular year.

(c) With respect to each appeal petition that:

- (1) is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;
- (2) includes a request for emergency relief for the purpose of making up a shortfall that has resulted because of a delinquent property taxpayer; and
- (3) the tax control board finds that the balance in the school corporation's levy excess fund plus the property taxes collected for the school corporation is less than ninety-eight percent (98%) of the school corporation's property tax levy for that year, as finally approved by the department of local government finance;

the tax control board may recommend to the department of local government finance that the school corporation receive emergency financial relief in the form specified in section 4.5(b)(1) through

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4.5(b)(7) of this chapter and be permitted to collect an excessive tax levy for a specified calendar year in the amount of the difference between the school corporation's property tax levy for a particular year, as finally approved by the department, and the school corporation's actual property tax collections plus any balance in the school corporation's levy excess fund.

(d) Every recommendation made by the tax control board under this section shall specify the amount of the excessive tax levy. The department of local government finance shall authorize the school board to make an excessive tax levy in accordance with the recommendation without any other proceeding. Whenever the department of local government finance authorizes an excessive tax levy under this subsection, the department shall take appropriate steps to ensure that the proceeds of the excessive tax levy are first used to repay any loan authorized under sections 4.3 through 5.3 of this chapter.

SECTION 46. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2003, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

(1) under IC 6-1.1-22-9 are due and payable in May and November of that year; or

(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in

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1 accordance with IC 6-1.1-22-8(a). However, except when using the
 2 term under section 2(l)(1) of this chapter, the tax liability of a taxpayer
 3 does not include the amount of any property tax owed by the taxpayer
 4 that is attributable to that part of any property tax levy subtracted under
 5 section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F),
 6 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this
 7 chapter in computing the total county tax levy.

8 (c) The credit for taxes payable in a particular year with respect to
 9 mobile homes which are assessed under IC 6-1.1-7 is equivalent to the
 10 taxpayer's property tax replacement credit amount for the taxes payable
 11 with respect to the assessments plus the adjustments stated in this
 12 section.

13 (d) Each taxpayer in a taxing district that contains all or part of an
 14 economic development district that meets the requirements of section
 15 5.5 of this chapter is entitled to an additional credit for property tax
 16 replacement. This credit is equal to the product of:

17 (1) the STEP TWO quotient determined under section 4(a)(3) of
 18 this chapter for the taxing district; multiplied by

19 (2) the taxpayer's taxes levied in the taxing district that are
 20 allocated to a special fund under IC 6-1.1-39-5.

21 SECTION 47. IC 6-1.1-21-9 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) On or
 23 before October 15 of each year, each county auditor shall, make a
 24 settlement with the department as to the aggregate amount of property
 25 tax replacement credits **and homestead credits** extended to taxpayers
 26 in the auditor's county during the first eight (8) months of that same
 27 year. On or before December 31 of each year, each county auditor shall
 28 make a settlement with the department along with the filing of the
 29 county auditor's December settlement as to:

30 (1) the aggregate amount of property tax replacement credits **and**
 31 **homestead credits** extended to taxpayers in the auditor's county
 32 during the last four (4) months of that same year; **and**

33 (2) **changes in the aggregate amount of distributions to which**
 34 **taxing units in the auditor's county are entitled in any period**
 35 **as a result of the resolution of appeals and other corrections**
 36 **that change the aggregate tax liability due for the period.**

37 If the aggregate credits allowed during either period exceed the
 38 property tax replacement funds allocated and distributed to the county
 39 treasurer for that same period; as provided in sections 4 and 5 of this
 40 chapter, then **If the amount distributed to a county is less than the**
 41 **amount to which the taxing units in the county are entitled, the**
 42 department shall certify the amount of the excess to the auditor of state

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1 who shall issue a warrant, payable from the property tax replacement
 2 fund, to the treasurer of the state ordering the payment of the excess to
 3 the county treasurer. If the distribution exceeds the ~~aggregate credits,~~
 4 **amount to which the taxing units in the county are entitled,** the
 5 county treasurer shall repay to the treasurer of the state the amount of
 6 the excess, which shall be redeposited in the property tax replacement
 7 fund.

8 (b) In making the settlement required by subsection (a), the county
 9 auditor shall recognize the fact that any loss of revenue resulting from
 10 the provision of homestead credits in excess of the percentage credit
 11 allowed in IC 6-1.1-20.9-2(d) must be paid from county option income
 12 revenues.

13 (c) Except as otherwise provided in this chapter, the state board of
 14 accounts with the cooperation of the department shall prescribe the
 15 accounting forms, records, and procedures required to carry out the
 16 provisions of this chapter.

17 SECTION 48. IC 6-1.1-22-8 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) The county
 19 treasurer shall either:

20 (1) mail to the last known address of each person liable for any
 21 property taxes or special assessment, as shown on the tax
 22 duplicate or special assessment records, or to the last known
 23 address of the most recent owner shown in the transfer book a
 24 statement of current and delinquent taxes and special
 25 assessments; or

26 (2) transmit by written, electronic, or other means to a mortgagee
 27 maintaining an escrow account for a person who is liable for any
 28 property taxes or special assessments, as shown on the tax
 29 duplicate or special assessment records a statement of current and
 30 delinquent taxes and special assessments.

31 (b) The county treasurer may include the following in the statement:

32 (1) An itemized listing for each property tax levy, including:

33 (A) the amount of the tax rate;

34 (B) the entity levying the tax owed; and

35 (C) the dollar amount of the tax owed.

36 (2) Information designed to inform the taxpayer or mortgagee
 37 clearly and accurately of the manner in which the taxes billed in
 38 the tax statement are to be used.

39 A form used and the method by which the statement and information,
 40 if any, are transmitted must be approved by the state board of accounts.

41 The county treasurer may mail or transmit the statement and
 42 information, if any, one (1) time each year at least fifteen (15) days

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before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(c) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

(d) This subsection applies if:

(1) the property taxes for a property first due and payable in the current year are based on an assessed valuation that differs from the assessed valuation on which the property taxes for the property first due and payable in the immediately preceding year were based; or

(2) there were no property taxes for the property first due and payable in the immediately preceding year.

The statement sent under subsection (a) must include a notice of assessment or notice of change in assessment in the form prescribed by the department of local government finance. A county treasurer who transmits the statement under subsection (a)(2) shall also mail a copy of the statement and the notice of assessment or change in assessment to the owner in conformity with subsection (a)(1).

SECTION 49. IC 6-1.1-22-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in IC 6-1.1-7-7, **section 9.5 of this chapter**, and subsection (b), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) A county council may adopt an ordinance to require a person to pay ~~his~~ **the person's** property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

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(c) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent taxes.

(d) Notwithstanding any other law, a property tax liability of less than five dollars (\$5) is increased to five dollars (\$5). The difference between the actual liability and the five dollar (\$5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

SECTION 50. IC 6-1.1-22-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.5. (a) This section applies only to property taxes first due and payable in a year with respect to real property:**

(1) that are the percentage determined by the county treasurer of the property taxes first due and payable in the most recent preceding year in which taxes were based on assessed value determined:

(A) in a general reassessment of real property under IC 6-1.1-4-4; or

(B) using an annual assessment adjustment under IC 6-1.1-4-4.5;

(2) that are based on assessed value that exceeds the assessed value referred to in subdivision (1) only as a result of:

(A) a general reassessment under IC 6-1.1-4-4; or

(B) an annual assessment adjustment under IC 6-1.1-4-4.5; and not as a result of any other factor that affects the assessed value; and

(3) that are not payable in one (1) installment under section 9(b) of this chapter.

The amount of property taxes first due and payable in a year is determined for purposes of this section without consideration of any installment payments allowed under this section that extend into the following year.

(b) At any time before the mailing or transmission of tax statements for a year under section 8 of this chapter, the county treasurer may petition the department of local government finance to establish a schedule of installments with respect to one (1) or more classes of real property for the payment of property taxes that are based on the assessment of the property in the immediately preceding year. The department may not establish a date for:

(1) an installment payment that is earlier than May 10 of the year in which the tax statement is mailed or transmitted;

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(2) the first installment payment that is later than November 10 of the year in which the tax statement is mailed or transmitted; or

(3) the last installment payment that is later than June 30 of the year immediately following the year in which the tax statement is mailed or transmitted.

(c) The department of local government finance shall:

(1) prescribe the form of the petition under subsection (b);

(2) determine the information required on the form; and

(3) notify the county treasurer of the department's determination on the petition not later than twenty (20) days after receipt of the petition.

(d) Revenue from property taxes paid under this section in the year immediately following the year in which the tax statement is mailed or transmitted under section 8 of this chapter:

(1) is not considered in the determination of a levy excess under IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 for the year in which the property taxes are paid; and

(2) may be:

(A) used to repay temporary loans entered into by the political subdivision for; and

(B) expended for any other reason by a political subdivision in the year the revenue is received under an appropriation from;

the year in which the tax statement is mailed or transmitted under section 8 of this chapter.

SECTION 51. IC 6-1.1-22.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 22.5. Provisional Property Tax Statements

Sec. 1. As used in this chapter, "commissioner" refers to the commissioner of the department of local government finance.

Sec. 2. As used in this chapter, "property taxes" includes special assessments.

Sec. 3. As used in this chapter, "provisional statement" refers to a provisional property tax statement required by section 6 of this chapter.

Sec. 4. As used in this chapter, "reconciling statement" refers to a reconciling property tax statement required by section 11 of this chapter.

Sec. 5. As used in this chapter, "tax liability" includes liability for special assessments and refers to liability for property taxes

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after the application of all allowed deductions and credits.

Sec. 6. (a) With respect to property taxes payable under this article on assessments determined for the 2003 assessment date or the assessment date in any later year, the county treasurer may, except as provided by section 7 of this chapter, use a provisional statement under this chapter if the county auditor fails to deliver the abstract for that assessment date to the county treasurer under IC 6-1.1-22-5 before March 16 of the year following the assessment date.

(b) The county treasurer shall give notice of the provisional statement, including disclosure of the method that is to be used in determining the tax liability to be indicated on the provisional statement, by publication one (1) time:

(1) in the form prescribed by the department of local government finance; and

(2) in the manner described in IC 6-1.1-22-4(b).

The notice may be combined with the notice required under section 10 of this chapter.

Sec. 7. (a) The county auditor of a county or fifty (50) property owners in the county may, not more than five (5) days after the publication of the notice required under section 6 of this chapter, request in writing that the department of local government finance waive the use of a provisional statement under this chapter as to that county for a particular assessment date.

(b) Upon receipt of a request under subsection (a), the department of local government finance shall give notice in the manner provided by IC 5-3-1. The notice must state:

(1) the date and time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear:

(A) the request of the county treasurer and county auditor to waive the requirements of this chapter; and

(B) taxpayers' comments regarding that request.

(c) After the hearing, the department of local government finance may waive the use of a provisional statement under this chapter for a particular assessment date as to the county making the request if the department finds that the petitioners have presented sufficient evidence to establish that although the abstract required by IC 6-1.1-22-5 was not delivered in a timely manner:

(1) the abstract:

(A) was delivered as of the date of the hearing; or

(B) will be delivered not later than a date specified by the

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- county auditor and county treasurer; and
- (2) sufficient time remains or will remain after the date or anticipated date of delivery of the abstract to:
- (A) permit the timely preparation and delivery of property tax statements in the manner provided by IC 6-1.1-22; and
- (B) render the use of a provisional statement under this chapter unnecessary.

Sec. 8. A provisional statement must:

- (1) be on a form approved by the state board of accounts;
- (2) except as provided in emergency rules adopted under section 20 of this chapter, indicate tax liability in the amount of ninety percent (90%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued;
- (3) indicate:
- (A) that the tax liability under the provisional statement is determined as described in subdivision (2); and
- (B) that property taxes billed on the provisional statement:
- (i) are due and payable in the same manner as property taxes billed on a tax statement under IC 6-1.1-22-8; and
- (ii) will be credited against a reconciling statement;
- (4) include the following statement:
- "Under Indiana law, _____ County (insert county) elected to send provisional statements because the county did not complete the abstract of the property, assessments, taxes, deductions, and exemptions for taxes payable in (insert year) in each taxing district before March 16, (insert year). The statement is due to be paid in installments on May 10 and November 10. The statement is based on ninety percent (90%) of your tax liability for taxes payable in (insert year), subject to adjustment for any new construction on your property. After the abstract of property is complete, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in (insert year), minus the amount you pay under this provisional statement.";
- (5) indicate liability for:
- (A) delinquent:
- (i) taxes; and
- (ii) special assessments;
- (B) penalties; and
- (C) interest;
- is allowed to appear on the tax statement under IC 6-1.1-22-8

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for the May installment of property taxes in the year in which the provisional tax statement is issued; and

(6) include any other information the county treasurer requires.

Sec. 9. Except as provided in section 12 of this chapter, property taxes billed on a provisional statement are due in two (2) equal installments on May 10 and November 10 of the year following the assessment date covered by the provisional statement.

Sec. 10. If a provisional statement is used, the county treasurer shall not give notice of tax rates required under IC 6-1.1-22-4 for the reconciling statement.

Sec. 11. As soon as possible after the receipt of the abstract referred to in section 6 of this chapter, the county treasurer shall:

(1) give the notice required by IC 6-1.1-22-4; and

(2) mail or transmit reconciling statements under section 12 of this chapter.

Sec. 12. (a) Except as provided by subsection (c), each reconciling statement must indicate:

(1) the actual property tax liability under this article on the assessment determined for the assessment date for the property for which the reconciling statement is issued;

(2) the total amount paid under the provisional statement for the property for which the reconciling statement is issued;

(3) if the amount under subdivision (1) exceeds the amount under subdivision (2), that the excess is payable by the taxpayer:

(A) as a final reconciliation of the tax liability; and

(B) not later than:

(i) thirty (30) days after the date of the reconciling statement; or

(ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(b) If, upon receipt of the abstract referred to in section 6 of this chapter, the county treasurer determines that it is possible to complete the:

(1) preparation; and

(2) mailing or transmittal;

of the reconciling statement at least thirty (30) days before the due

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1 date of the November installment specified in the provisional
 2 statement, the county treasurer may request in writing that the
 3 department of local government finance permit the county
 4 treasurer to issue a reconciling statement that adjusts the amount
 5 of the November installment that was specified in the provisional
 6 statement. If the department approves the county treasurer's
 7 request, the county treasurer shall prepare and mail or transmit
 8 the reconciling statement at least thirty (30) days before the due
 9 date of the November installment specified in the provisional
 10 statement.

11 (c) A reconciling statement prepared under subsection (b) must
 12 indicate:

13 (1) the actual property tax liability under this article on the
 14 assessment determined for the assessment date for the
 15 property for which the reconciling statement is issued;

16 (2) the total amount of the May installment paid under the
 17 provisional statement for the property for which the
 18 reconciling statement is issued;

19 (3) if the amount under subdivision (1) exceeds the amount
 20 under subdivision (2), the adjusted amount of the November
 21 installment that is payable by the taxpayer:

22 (A) as a final reconciliation of the tax liability; and

23 (B) not later than:

24 (i) November 10; or

25 (ii) if the county treasurer requests in writing that the
 26 commissioner designate a later date, the date designated
 27 by the commissioner; and

28 (4) if the amount under subdivision (2) exceeds the amount
 29 under subdivision (1), that the taxpayer may claim a refund
 30 of the excess under IC 6-1.1-26.

31 Sec. 13. Taxpayers shall make all payments under this chapter
 32 to the county treasurer. The board of county commissioners may
 33 authorize the county treasurer to open temporary offices to receive
 34 payments under this chapter in municipalities in the county other
 35 than the county seat.

36 Sec. 14. Not later than sixty (60) days after the due date of a
 37 provisional or reconciling statement under this chapter, the county
 38 auditor shall:

39 (1) file with the auditor of state a report of settlement; and

40 (2) distribute tax collections to the appropriate taxing units.

41 Sec. 15. If a county auditor fails to make a distribution of tax
 42 collections under section 14 of this chapter, a taxing unit that was

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to receive a distribution may recover interest on the undistributed tax collections at the same rate and in the same manner that interest may be recovered under IC 6-1.1-27-1(b).

Sec. 16. IC 6-1.1-15:

- (1) does not apply to a provisional statement; and
- (2) applies to a reconciling statement.

Sec. 17. IC 6-1.1-37-10 applies to:

- (1) a provisional statement; and
- (2) a reconciling statement;

in the same manner that IC 6-1.1-37-10 applies to an installment of property taxes.

Sec. 18. For purposes of IC 6-1.1-24-1(a)(1):

- (1) the May installment on a provisional statement is considered to be the taxpayer's spring installment of property taxes;
- (2) except as provided in subdivision (3), payment on a reconciling statement is considered to be due before the due date of the May installment of property taxes payable in the following year; and
- (3) payment on a reconciling statement described in section 12(b) of this chapter is considered to be the taxpayer's fall installment of property taxes.

Sec. 19. The other provisions of this article supplement the provisions of this chapter concerning the collection of property taxes.

Sec. 20. For purposes of a provisional statement under this chapter, the department of local government finance may adopt emergency rules under IC 4-22-2-37.1 to provide a methodology for a county treasurer to issue provisional statements with respect to real property, taking into account new construction of improvements placed on the real property, damage, and other losses related to the real property:

- (1) after March 1 of the year preceding the assessment date to which the provisional statement applies; and
- (2) before the assessment date to which the provisional statement applies.

SECTION 52. IC 6-1.1-31-3, AS AMENDED BY P.L.90-2002, SECTION 219, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. In the preparation of rules, regulations, property tax forms, and property tax returns, the department of local government finance may consider:

- (1) data compiled by the federal government;

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- (2) data compiled by this state and its taxing authorities;
- (3) data compiled and studies made by a state college or university;
- (4) generally accepted practices of appraisers, including generally accepted property assessment valuation and mass appraisal principles and practices;
- (5) generally accepted indices of construction costs;
- (6) for assessment dates after February 28, 2001, generally accepted indices of income accruing from real property;
- (7) sales data compiled for generally comparable properties;**
- and
- ~~(7)~~ **(8)** any other information which is available to the department of local government finance.

SECTION 53. IC 6-1.1-31-5, AS AMENDED BY P.L.90-2002, SECTION 221, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) **Subject to this article,** the rules ~~promulgated~~ **adopted** by the department of local government finance are the basis for determining the true tax value of tangible property.

(b) Local assessing officials, members of the county property tax assessment board of appeals, and county assessors shall:

- (1) comply with the rules, appraisal manuals, bulletins, and directives adopted by the department of local government finance;
- (2) use the property tax forms, property tax returns, and notice forms prescribed by the department; and
- (3) collect and record the data required by the department.

(c) In assessing tangible property, the township assessors, members of the county property tax assessment board of appeals, and county assessors may consider factors in addition to those prescribed by the department of local government finance if the use of the additional factors is first approved by the department. Each township assessor, of the county property tax assessment board of appeals, and the county assessor shall indicate on his records for each individual assessment whether:

- (1) only the factors contained in the department's rules, forms, and returns have been considered; or
- (2) factors in addition to those contained in the department's rules, forms, and returns have been considered.

SECTION 54. IC 6-1.1-31-6, AS AMENDED BY P.L.90-2002, SECTION 222, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) With respect to the assessment of real property, the rules of the department of local

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government finance shall provide for:

(1) the classification of land on the basis of:

~~(i)~~ (A) acreage;

~~(ii)~~ (B) lots;

~~(iii)~~ (C) size;

~~(iv)~~ (D) location;

~~(v)~~ (E) use;

~~(vi)~~ (F) productivity or earning capacity;

~~(vii)~~ (G) applicable zoning provisions;

~~(viii)~~ (H) accessibility to highways, sewers, and other public services or facilities; and

~~(ix)~~ (I) any other factor that the department determines by rule is just and proper; and

(2) the classification of improvements on the basis of:

~~(i)~~ (A) size;

~~(ii)~~ (B) location;

~~(iii)~~ (C) use;

~~(iv)~~ (D) type and character of construction;

~~(v)~~ (E) age;

~~(vi)~~ (F) condition;

~~(vii)~~ (G) cost of reproduction; and

~~(viii)~~ (H) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

(1) the proper classification of real property;

(2) the size of real property;

(3) the effects that location and use have on the value of real property;

(4) the depreciation, including physical deterioration and obsolescence, of real property;

(5) the cost of reproducing improvements;

(6) the productivity or earning capacity of:

(A) agricultural land; and

(B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty

(30) days or more;

(7) sales data for generally comparable properties; and

~~(7)~~ **(8) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.**

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(c) With respect to the assessment of real property, true tax value does not mean fair market value. **Subject to this article**, true tax value is the value determined under the rules of the department of local government finance.

SECTION 55. IC 6-1.1-31-7, AS AMENDED BY P.L.90-2002, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government finance shall provide for the classification of personal property on the basis of:

- (1) date of purchase;
- (2) location;
- (3) use;
- (4) depreciation, obsolescence, and condition; and
- (5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the value of personal property;
- (3) the cost of reproducing personal property;
- (4) the depreciation, including physical deterioration and obsolescence, of personal property;
- (5) **the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;**
- (6) **sales data for generally comparable mobile homes;** and
- (7) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the department of local government finance shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(d) With respect to the assessment of personal property, true tax value does not mean fair market value. **Subject to this article**, true tax value is the value determined under rules of the department of local government finance.

SECTION 56. IC 6-1.1-35-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.1. (a) Each county

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assessor and each elected assessor ~~must be a certified who has not attained the certification of a "level two" assessor-appraiser under IC 6-1.1-35.5 or must~~ employ at least one (1) certified "level two" assessor-appraiser. ~~Each~~

(b) ~~To qualify to serve as an elected county assessor, a township assessor, or an elected trustee-assessor is expected to attain the certification of after December 31, 2005, the assessing official must be certified as a "level one" assessor-appraiser or a "level two" assessor-appraiser.~~

(c) ~~To continue to serve as an elected county assessor, a township assessor, or an elected trustee-assessor after the later of:~~

(1) ~~December 31, 2006; or~~

(2) ~~a date that is one (1) year after the person begins to serve the person's initial term in any office as an elected assessing official;~~

~~the assessing official must be certified as a "level two" assessor-appraiser. An assessing official who does not comply with this subsection forfeits the assessor's or trustee-assessor's office.~~

(d) ~~A person who fills a vacancy in the office of county assessor, township assessor, or trustee-assessor is subject to the requirements of this section.~~

SECTION 57. IC 6-1.1-37-9, AS AMENDED BY P.L.198-2001, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) This section applies when:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were originally due;

(2) the assessment upon which a taxpayer has been paying taxes under IC 6-1.1-15-10(a)(1) or (a)(2) while a petition for review or a judicial proceeding has been pending is less than the assessment that results from the final determination of the petition for review or judicial proceeding; or

(3) the collection of certain ad valorem property taxes has been stayed under IC 4-21.5-5-9, and under the final determination of the petition for judicial review the taxpayer is liable for at least part of those taxes.

(b) Except as provided in subsections (c) and (g), a taxpayer shall pay interest on the taxes the taxpayer is required to pay as a result of an action or a determination described in subsection (a) at the rate of ten percent (10%) per year from the original due date or dates for those taxes to:

(1) the date of payment; or

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(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f); whichever occurs first.

(c) Except as provided in subsection (g), a taxpayer shall pay interest on the taxes the taxpayer is ultimately required to pay in excess of the amount that the taxpayer is required to pay under IC 6-1.1-15-10(a)(1) while a petition for review or a judicial proceeding has been pending at the overpayment rate established under Section 6621(c)(1) of the Internal Revenue Code in effect on the original due date or dates for those taxes from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(d) With respect to an action or determination described in subsection (a), the taxpayer shall pay the taxes resulting from that action or determination and the interest prescribed under subsection (b) or (c) on or before:

(1) the next May 10; or

(2) the next November 10;

whichever occurs first.

(e) A taxpayer shall, **to the extent that the penalty is not waived under section 10.5 of this chapter**, begin paying the penalty prescribed in section 10 of this chapter on the day after the date for payment prescribed in subsection (d) if:

(1) the taxpayer has not paid the amount of taxes resulting from the action or determination; and

(2) the taxpayer either:

(A) received notice of the taxes the taxpayer is required to pay as a result of the action or determination at least thirty (30) days before the date for payment; or

(B) voluntarily signed and filed an assessment return for the taxes.

(f) If subsection (e) does not apply, a taxpayer who has not paid the amount of taxes resulting from the action or determination shall, **to the extent that the penalty is not waived under section 10.5 of this chapter**, begin paying the penalty prescribed in section 10 of this chapter on:

(1) the next May 10 which follows the date for payment prescribed in subsection (d); or

(2) the next November 10 which follows the date for payment

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prescribed in subsection (d);
whichever occurs first.

(g) A taxpayer is not subject to the payment of interest on real property assessments under subsection (b) or (c) if:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were due;

(2) the assessment or the assessment increase is made as the result of error or neglect by the assessor or by any other official involved with the assessment of property or the collection of property taxes; and

(3) the assessment:

(A) would have been made on the normal assessment date if the error or neglect had not occurred; or

(B) increase would have been included in the assessment on the normal annual assessment date if the error or neglect had not occurred.

SECTION 58. IC 6-1.1-37-10, AS AMENDED BY P.L.90-2002, SECTION 262, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) **Except as provided in section 10.5 of this chapter**, if an installment of property taxes is not completely paid on or before the due date, a penalty equal to ten percent (10%) of the amount of delinquent taxes shall be added to the unpaid portion in the year of the initial delinquency.

(b) With respect to property taxes due in two (2) equal installments under IC 6-1.1-22-9(a), on the day immediately following the due dates in May and November of each year following the year of the initial delinquency, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added. **With respect to property taxes due in installments under IC 6-1.1-22-9.5, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added on the day immediately following each date that succeeds the last installment due date by:**

(1) six (6) months; or

(2) a multiple of six (6) months.

(c) These The penalties under subsection (b) are imposed only on the principal amount of the delinquent taxes. However,

(d) If the department of local government finance determines that an emergency has occurred which precludes the mailing of the tax statement in any county at the time set forth in IC 6-1.1-22-8, the department shall establish by order a new date on which the installment of taxes in that county is due and no installment is delinquent if paid by

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the date so established.

~~(b)~~ (e) If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the act that must be performed by that date is timely if performed by the next succeeding day that is not a Saturday, a Sunday, or one (1) of those holidays.

~~(c)~~ (f) A payment to the county treasurer is considered to have been paid by the due date if the payment is:

(1) received on or before the due date to the county treasurer or a collecting agent appointed by the county treasurer;

(2) deposited in the United States mail:

(A) properly addressed to the principal office of the county treasurer;

(B) with sufficient postage; and

(C) certified or postmarked by the United States Postal Service as mailed on or before the due date; or

(3) deposited with a nationally recognized express parcel carrier and is:

(A) properly addressed to the principal office of the county treasurer; and

(B) verified by the express parcel carrier as:

(i) paid in full for final delivery; and

(ii) received on or before the due date.

For purposes of this subsection, "postmarked" does not mean the date printed by a postage meter that affixes postage to the envelope or package containing a payment.

SECTION 59. IC 6-1.1-37-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10.5. (a) This section applies only to property taxes first due and payable in a year with respect to real property:**

(1) that are the percentage determined by the county treasurer of the property taxes first due and payable in the last preceding year in which taxes were based on assessed value determined:

(A) in a general reassessment of real property under IC 6-1.1-4-4; or

(B) using an annual assessment adjustment under IC 6-1.1-4-4.5; and

(2) for which the property tax increase referred to in subdivision (1) is attributable only to:

(A) a general reassessment under IC 6-1.1-4-4; or

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(B) an annual assessment adjustment under IC 6-1.1-4-4.5; and not to any other factor that affects the assessed value.

(b) The county treasurer may petition the department of local government finance to waive all or part of the penalty imposed under section 10 of this chapter with respect to one (1) or more classes of real property.

(c) The department of local government finance shall:

- (1) prescribe the form of the petition under subsection (b);
- (2) determine the information required on the form; and
- (3) notify the county treasurer of the department's determination on the petition not later than thirty (30) days after receipt of the petition.

SECTION 60. IC 6-1.1-39-6, AS AMENDED BY P.L.192-2002(ss), SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c) and except as provided in subsection (f), each taxpayer in an additional area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. Except as provided in subsection (f), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter

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1 had the additional credit described in this section not been
2 given.

3 The additional credit reduces the amount of proceeds allocated to the
4 economic development district and paid into a special fund under
5 section 5(a) of this chapter.

6 (b) If the additional credit under subsection (a) is not reduced under
7 subsection (c) or (d), the credit for property tax replacement under
8 IC 6-1.1-21-5 and the additional credit under subsection (a) shall be
9 computed on an aggregate basis for all taxpayers in a taxing district
10 that contains all or part of an additional area. The credit for property
11 tax replacement under IC 6-1.1-21-5 and the additional credit under
12 subsection (a) shall be combined on the tax statements sent to each
13 taxpayer.

14 (c) The county fiscal body may, by ordinance, provide that the
15 additional credit described in subsection (a):

- 16 (1) does not apply in a specified additional area; or
- 17 (2) is to be reduced by a uniform percentage for all taxpayers in
18 a specified additional area.

19 (d) Whenever the county fiscal body determines that granting the
20 full additional credit under subsection (a) would adversely affect the
21 interests of the holders of bonds or other contractual obligations that
22 are payable from allocated tax proceeds in that economic development
23 district in a way that would create a reasonable expectation that those
24 bonds or other contractual obligations would not be paid when due, the
25 county fiscal body must adopt an ordinance under subsection (c) to
26 deny the additional credit or reduce the additional credit to a level that
27 creates a reasonable expectation that the bonds or other obligations will
28 be paid when due. An ordinance adopted under subsection (c) denies
29 or reduces the additional credit for taxes (as defined in IC 6-1.1-21-2)
30 first due and payable in any year following the year in which the
31 ordinance is adopted.

32 (e) An ordinance adopted under subsection (c) remains in effect
33 until the ordinance is rescinded by the body that originally adopted the
34 ordinance. However, an ordinance may not be rescinded if the
35 rescission would adversely affect the interests of the holders of bonds
36 or other obligations that are payable from allocated tax proceeds in that
37 economic development district in a way that would create a reasonable
38 expectation that the principal of or interest on the bonds or other
39 obligations would not be paid when due. If an ordinance is rescinded
40 and no other ordinance is adopted, the additional credit described in
41 subsection (a) applies to taxes (as defined in IC 6-1.1-21-2) first due
42 and payable in each year following the year in which the resolution is

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1 rescinded.

2 (f) If property tax installments are due in installments
3 established by the department of local government finance under
4 IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
5 additional area is entitled to an additional credit under subsection
6 (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments.
7 The credit shall be applied in the same proportion to each
8 installment of taxes (as defined in IC 6-1.1-21-2).

9 SECTION 61. IC 6-1.1-42-27, AS AMENDED BY P.L.90-2002,
10 SECTION 284, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JANUARY 1, 2004]: Sec. 27. (a) A property owner who
12 desires to obtain the deduction provided by section 24 of this chapter
13 must file a certified deduction application, on forms prescribed by the
14 department of local government finance, with the auditor of the county
15 in which the property is located. Except as otherwise provided in
16 subsection ~~(b) or (c)~~, (d), the deduction application must be filed before
17 May 10 of the year in which the addition to assessed valuation is made.

18 ~~(b) If notice of the addition to assessed valuation or new assessment~~
19 ~~for any year is not given to the property owner before April 10 of that~~
20 ~~year, the deduction application required by this section may be filed not~~
21 ~~later than thirty (30) days after the date such a notice is mailed to the~~
22 ~~property owner at the address shown on the records of the township~~
23 ~~assessor.~~

24 ~~(c)~~ (b) The certified deduction application required by this section
25 must contain the following information:

- 26 (1) The name of each owner of the property.
- 27 (2) A certificate of completion of a voluntary remediation under
28 IC 13-25-5-16.
- 29 (3) Proof that each owner who is applying for the deduction:
 - 30 (A) has never had an ownership interest in an entity that
 - 31 contributed; and
 - 32 (B) has not contributed;
- 33 a contaminant (as defined in IC 13-11-2-42) that is the subject of
- 34 the voluntary remediation, as determined under the written
- 35 standards adopted by the department of environmental
- 36 management.
- 37 (4) Proof that the deduction was approved by the appropriate
- 38 designating body.
- 39 (5) A description of the property for which a deduction is claimed
- 40 in sufficient detail to afford identification.
- 41 (6) The assessed value of the improvements before remediation
- 42 and redevelopment.



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(7) The ~~increase in the~~ assessed value of improvements ~~resulting from after the~~ remediation and redevelopment, **or an estimate of the assessed value if the assessed value is not known at the time of filing the deduction application.**

(8) The amount of the deduction claimed for the first year of the deduction, **or an estimate of the deduction if the assessed value is not known at the time of filing the deduction application.**

~~(d)~~ **(c)** A certified deduction application filed under subsection (a) ~~or (b)~~ is applicable for the year in which the addition to assessed value or assessment of property is made and each subsequent year to which the deduction applies under the resolution adopted under section 24 of this chapter.

~~(e)~~ **(d)** A property owner who desires to obtain the deduction provided by section 24 of this chapter but who has failed to file a deduction application within the dates prescribed in subsection (a) or (b) may file a deduction application between March 1 and May 10 of a subsequent year which is applicable for the year filed and the subsequent years without any additional certified deduction application being filed for the amounts of the deduction which would be applicable to such years under this chapter if such a deduction application had been filed in accordance with ~~subsection (a) or (b):~~ **this section.**

~~(f)~~ **(e)** On verification of the correctness of a certified deduction application by the assessor of the township in which the property is located, the county auditor shall, if the property is covered by a resolution adopted under section 24 of this chapter, make the appropriate deduction.

~~(g)~~ **(f)** The amount and period of the deduction provided for property by section 24 of this chapter are not affected by a change in the ownership of the property if the new owner of the property:

(1) is a person that:

(A) has never had an ownership interest in an entity that contributed; and

(B) has not contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management;

(2) continues to use the property in compliance with any standards established under sections 7 and 23 of this chapter; and

(3) files an application in the manner provided by subsection ~~(e)~~:

(d).

~~(h)~~ The township assessor shall include a notice of the deadlines for

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1 filing a deduction application under subsections (a) and (b) with each
 2 notice to a property owner of an addition to assessed value or of a new
 3 assessment.

4 SECTION 62. IC 6-3-1-3.5, AS AMENDED BY P.L.105-2003,
 5 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JANUARY 1, 2004]: Sec. 3.5. When used in this article, the term
 7 "adjusted gross income" shall mean the following:

8 (a) In the case of all individuals, "adjusted gross income" (as
 9 defined in Section 62 of the Internal Revenue Code), modified as
 10 follows:

11 (1) Subtract income that is exempt from taxation under this article
 12 by the Constitution and statutes of the United States.

13 (2) Add an amount equal to any deduction or deductions allowed
 14 or allowable pursuant to Section 62 of the Internal Revenue Code
 15 for taxes based on or measured by income and levied at the state
 16 level by any state of the United States.

17 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 18 joint return filed by a husband and wife, subtract for each spouse
 19 one thousand dollars (\$1,000).

20 (4) Subtract one thousand dollars (\$1,000) for:

21 (A) each of the exemptions provided by Section 151(c) of the
 22 Internal Revenue Code;

23 (B) each additional amount allowable under Section 63(f) of
 24 the Internal Revenue Code; and

25 (C) the spouse of the taxpayer if a separate return is made by
 26 the taxpayer and if the spouse, for the calendar year in which
 27 the taxable year of the taxpayer begins, has no gross income
 28 and is not the dependent of another taxpayer.

29 (5) Subtract:

30 (A) one thousand five hundred dollars (\$1,500) for each of the
 31 exemptions allowed under Section 151(c)(1)(B) of the Internal
 32 Revenue Code for taxable years beginning after December 31,
 33 1996; and

34 (B) five hundred dollars (\$500) for each additional amount
 35 allowable under Section 63(f)(1) of the Internal Revenue Code
 36 if the adjusted gross income of the taxpayer, or the taxpayer
 37 and the taxpayer's spouse in the case of a joint return, is less
 38 than forty thousand dollars (\$40,000).

39 This amount is in addition to the amount subtracted under
 40 subdivision (4).

41 (6) Subtract an amount equal to the lesser of:

42 (A) that part of the individual's adjusted gross income (as

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defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, ~~IC 12-10-6-2~~, **IC 12-10-6-2.1**, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

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(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) **for a taxable year:**

(i) **including any part of 2004, the amount determined under subsection (f); and**

(ii) **beginning after December 31, 2004,** two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal

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Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code

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for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the

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taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 63. IC 8-22-3.5-10, AS AMENDED BY P.L.192-2002(ss), SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except in a county described in section 1(5) of this chapter **and except as provided in subsection (d)**, if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in May and November of that year. **Except as provided in subsection (d)**, one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

- (1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone;

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(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

(d) If property tax installments are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an airport development zone is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 64. IC 12-29-2-2, AS AMENDED BY P.L.170-2002, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Subject to ~~subsection~~ subsections (b), (c), and (d), a county shall fund the operation of community mental health centers in an amount not less than the amount that would be raised by an annual tax rate of one and thirty-three hundredths cents (\$0.0133) on each one hundred dollars (\$100) of taxable property within the county, unless a lower tax rate will be adequate to fulfill the county's financial obligations under this chapter in any of the following situations:

(1) If the total population of the county is served by one (1) center.

(2) If the total population of the county is served by more than one (1) center.

(3) If the partial population of the county is served by one (1) center.

(4) If the partial population of the county is served by more than one (1) center.

(b) This subsection applies only to a property tax that is imposed in a county containing a consolidated city. The tax rate permitted under subsection (a) for taxes first due and payable after ~~calendar year~~ 1995 is the tax rate permitted under subsection (a) as adjusted under this subsection. For each year in which **an annual adjustment of the assessed value of real property will take effect under IC 6-1.1-4-4.5** or a general reassessment of property will take effect, the department

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of local government finance shall compute the maximum rate permitted under subsection (a) as follows:

STEP ONE: Determine the maximum rate for the year preceding the year in which the **annual adjustment or** general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (**0.01%**)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the year preceding the year the **annual adjustment or** general reassessment takes effect to the year that the **annual adjustment or** general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (**0.01%**)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of:

(A) the STEP ONE tax rate; divided by

(B) one (1) plus the STEP SIX percentage increase.

This maximum rate is the maximum rate under this section until a new maximum rate is computed under this subsection for the next year in which **an annual adjustment under IC 6-1.1-4-4.5 or** a general reassessment of property will take effect.

(c) With respect to a county to which subsection (b) does not apply, the maximum tax rate permitted under subsection (a) for taxes first due and payable after 2003 is the maximum tax rate that would have been determined under subsection (d) for taxes first due and payable in 2003 if subsection (d) had applied to the county for taxes first due and payable in 2003.

(d) This subsection applies only to a county to which subsection (b) does not apply. The tax rate permitted under subsection (a) for taxes first due and payable after calendar year 2004 is the tax rate

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permitted under subsection (c) as adjusted under this subsection. For each year in which an annual adjustment of the assessed value of real property will take effect under IC 6-1.1-4-4.5 or a general reassessment of property will take effect, the department of local government finance shall compute the maximum rate permitted under subsection (a) as follows:

STEP ONE: Determine the maximum rate for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined under STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed under STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of:

(A) the STEP ONE tax rate; divided by

(B) one (1) plus the STEP SIX percentage increase.

This maximum rate is the maximum rate under this section until a new maximum rate is computed under this subsection for the next year in which an annual adjustment under IC 6-1.1-4-4.5 or a general reassessment of property will take effect.

SECTION 65. IC 12-29-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The maximum appropriation determined under section 3 or 4 of this chapter

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represents the county's absolute proportional share of each center's total operating budget.

(b) If the proportional share is less than the ~~four cent (\$0.04)~~ requirement in amount of property taxes raised under the tax rate required under section 2 of this chapter, the county shall appropriate only the maximum appropriation amount.

(c) If the proportional share is more than the ~~four cent (\$0.04)~~ requirement in amount of property taxes raised under the tax rate required under section 2 of this chapter, the county:

(1) shall satisfy the ~~four cent (\$0.04)~~ equivalent appropriation appropriate that amount; and

(2) may appropriate an additional amount in excess of the four cent (\$0.04) equivalent appropriation up to an amount added to the four cent (\$0.04) equivalent appropriation that would equal a ten cent (\$0.10) equivalent appropriation: the amount of property taxes raised by a tax rate of three and one-third cents (\$0.03 1/3).

SECTION 66. IC 20-5.5-7-3, AS AMENDED BY P.L.276-2003, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after May 31, the organizer shall submit to the department the following information on a form prescribed by the department:

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student.
- (3) The name of the school corporation in which the student has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute to the organizer the amount determined under IC 21-3-1.7 for the charter school. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution under IC 21-3-1.7.

(c) The department shall provide to the department of local government finance the following information:

- (1) For each county, the number of students who:

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- 1 (A) have legal settlement in the county; and
 2 (B) attend a charter school.
 3 (2) The school corporation in which each student described in
 4 subdivision (1) has legal settlement.
 5 (3) The charter school that a student described in subdivision (1)
 6 attends and the county in which the charter school is located.
 7 (4) The amount determined under ~~IC 6-1.1-19-1.5(g)~~
 8 **IC 6-1.1-19-1.5(f)** STEP EIGHT for 2004 and IC 6-1.1-19-1.5(b)
 9 STEP SIX for 2005 for each school corporation described in
 10 subdivision (2).
 11 (5) The amount determined under STEP TWO of the following
 12 formula:
 13 STEP ONE: Determine the product of:
 14 (A) the amount determined under IC 21-3-1.7-6.7(d) or
 15 IC 21-3-1.7-6.7(e) for a charter school described in
 16 subdivision (3); multiplied by
 17 (B) thirty-five hundredths (0.35).
 18 STEP TWO: Determine the product of:
 19 (A) the STEP ONE amount; multiplied by
 20 (B) the current ADM of a charter school described in
 21 subdivision (3).
 22 (6) The amount determined under STEP THREE of the following
 23 formula:
 24 STEP ONE: Determine the number of students described in
 25 subdivision (1) who:
 26 (A) attend the same charter school; and
 27 (B) have legal settlement in the same school corporation
 28 located in the county.
 29 STEP TWO: Determine the subdivision (5) STEP ONE
 30 amount for a charter school described in STEP ONE (A).
 31 STEP THREE: Determine the product of:
 32 (A) the STEP ONE amount; multiplied by
 33 (B) the STEP TWO amount.
 34 SECTION 67. IC 21-1-3-8 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. The common
 36 school fund and the permanent endowment fund which is, at any time,
 37 in the custody of the treasurer of state, and subject to the management
 38 and control of the state board of finance, except as hereinafter
 39 provided, shall be invested ~~as follows:~~ **in:**
 40 (1) ~~in~~ bonds, notes, certificates and other valid obligations of the
 41 United States;
 42 (2) ~~in~~ bonds, notes, debentures and other securities issued by any

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1 federal instrumentality and fully guaranteed by the United States;
 2 (3) ~~in~~ bonds, notes, certificates and other valid obligations of any
 3 state of the United States or of any county, township, city, town
 4 or other political subdivision of the state of Indiana which are
 5 issued pursuant to law, the issuers of which, for five (5) years
 6 prior to the date of such investment, have promptly paid the
 7 principal and interest on their bonds and other legal obligations
 8 in lawful money of the United States; **or**

9 **(4) bonds, notes, or other securities issued by the Indiana**
 10 **bond bank and described in IC 5-13-10.5-11(3).**

11 When it shall occur in any county of this state not having elected to
 12 surrender custody of any part of the common and permanent
 13 endowment funds to the state, that there is an insufficient amount of
 14 said funds held in trust in such county and unloaned, when added to the
 15 amount of congressional fund then held in trust and unloaned, as shown
 16 by a report of the auditor and treasurer of the county, to make all loans
 17 for which the county auditor has applications, upon petition of the
 18 board of commissioners of any such county, the state board of finance
 19 may allocate to the county making application therefor such amount as
 20 the said state board of finance may deem necessary.

21 SECTION 68. IC 21-3-1.7-6.8, AS AMENDED BY P.L.276-2003,
 22 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 UPON PASSAGE]: Sec. 6.8. (a) This section does not apply to a
 24 charter school.

25 (b) This subsection does not apply after December 31, 2003. A
 26 school corporation's target general fund property tax rate for purposes
 27 of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the
 28 following formula:

29 STEP ONE: This STEP applies only if the amount determined in
 30 STEP FIVE of the formula in section 6.7(d) of this chapter minus
 31 the result determined in STEP ONE of the formula in section
 32 6.7(d) of this chapter is greater than zero (0). Determine the result
 33 under clause (E) of the following formula:

34 (A) Divide the school corporation's 2002 assessed valuation by
 35 the school corporation's current ADM.

36 (B) Divide the clause (A) result by ten thousand (10,000).

37 (C) Determine the greater of the following:

38 (i) The clause (B) result.

39 (ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars
 40 and seventy-five cents (\$39.75) in 2003.

41 (D) Determine the result determined under item (ii) of the
 42 following formula:

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- 1 (i) Subtract the result determined in STEP ONE of the
 2 formula in section 6.7(d) of this chapter from the amount
 3 determined in STEP FIVE of the formula in section 6.7(d)
 4 of this chapter.
 5 (ii) Divide the item (i) result by the school corporation's
 6 current ADM.
 7 (E) Divide the clause (D) result by the clause (C) result.
 8 (F) Divide the clause (E) result by one hundred (100).
 9 STEP TWO: This STEP applies only if the amount determined in
 10 STEP FIVE of the formula in section 6.7(d) of this chapter is
 11 equal to STEP ONE of the formula in section 6.7(d) of this
 12 chapter and the result of clause (A) is greater than zero (0).
 13 Determine the result under clause (G) of the following formula:
 14 (A) Add the following:
 15 (i) An amount equal to the annual decrease in federal aid to
 16 impacted areas from the year preceding the ensuing calendar
 17 year by three (3) years to the year preceding the ensuing
 18 calendar year by two (2) years.
 19 (ii) The portion of the maximum general fund levy for the
 20 year that equals the original amount of the levy imposed by
 21 the school corporation to cover the costs of opening a new
 22 school facility during the preceding year.
 23 (B) Divide the clause (A) result by the school corporation's
 24 current ADM.
 25 (C) Divide the school corporation's 2002 assessed valuation by
 26 the school corporation's current ADM.
 27 (D) Divide the clause (C) result by ten thousand (10,000).
 28 (E) Determine the greater of the following:
 29 (i) The clause (D) result.
 30 (ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars
 31 and seventy-five cents (\$39.75) in 2003.
 32 (F) Divide the clause (B) result by the clause (E) amount.
 33 (G) Divide the clause (F) result by one hundred (100).
 34 STEP THREE: Determine the sum of:
 35 (A) ninety-one and eight-tenths cents (\$0.918) in 2002; and
 36 (B) ninety-five and eight-tenths cents (\$0.958) in 2003; and
 37 if applicable, the STEP ONE or STEP TWO result.
 38 (c) This subsection applies to calendar years beginning after
 39 December 31, 2004. A school corporation's target general fund
 40 property tax rate for purposes of IC 6-1.1-19-1.5 is the result
 41 determined under STEP FOUR of the following formula:
 42 STEP ONE: Determine the amount determined for the school

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corporation in STEP ONE of the formula in section 6.7(e) of this chapter.

STEP TWO: This STEP applies only if the amount determined in STEP EIGHT of the formula in section 6.7(e) of this chapter minus the STEP ONE result is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Forty-three dollars and sixty-five cents (\$43.65).

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the STEP ONE result from the amount determined in STEP EIGHT of the formula in section 6.7(e) of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP THREE: This STEP applies only if the amount determined in STEP EIGHT of the formula in section 6.7(e) of this chapter is equal to the STEP ONE result and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

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(ii) Forty-three dollars and sixty-five cents (\$43.65).

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP FOUR: Determine the sum of sixty-three and seven-tenths cents (\$0.637) and, if applicable, the STEP TWO or STEP THREE result.

~~(c)~~ (d) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation's general fund ad valorem property tax levy is determined under ~~IC 6-1.1-19-1.5(g)~~.
IC 6-1.1-19-1.5(f).

SECTION 69. IC 36-2-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A county assessor shall be elected under IC 3-10-2-13 by the voters of the county.

(b) To be eligible to serve as an assessor, a person must meet the qualifications prescribed by IC 3-8-1-23.

(c) A county assessor must reside within the county as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The assessor forfeits office if the assessor ceases to be a resident of the county **or fails to comply with IC 6-1.1-35-1.1.**

(d) The term of office of a county assessor is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified.

SECTION 70. IC 36-6-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A township trustee shall be elected under IC 3-10-2-13 by the voters of each township. The trustee is the township executive.

(b) The township trustee must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The trustee forfeits office if the trustee:

(1) ceases to be a resident of the township; **or**

(2) **serves as township assessor under IC 36-6-5-2 and fails to comply with IC 6-1.1-35-1.1.**

(c) The term of office of a township trustee is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified.

SECTION 71. IC 36-6-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) A township assessor shall be elected under IC 3-10-2-13 by the voters of each township having:

(1) a population of more than eight thousand (8,000); or

(2) an elected township assessor or the authority to elect a township assessor before January 1, 1979.

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(b) A township assessor shall be elected under IC 3-10-2-14 in each township having a population of more than five thousand (5,000) but not more than eight thousand (8,000), if the legislative body of the township:

(1) by resolution, declares that the office of township assessor is necessary; and

(2) the resolution is filed with the county election board not later than the first date that a declaration of candidacy may be filed under IC 3-8-2.

(c) The township assessor must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The assessor forfeits office if the assessor ceases to be a resident of the township **or fails to comply with the requirements of IC 6-1.1-35-1.1.**

(d) The term of office of a township assessor is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified. However, the term of office of a township assessor elected at a general election in which no other township officer is elected ends on December 31 after the next election in which any other township officer is elected.

SECTION 72. IC 36-7-14-39.5, AS AMENDED BY P.L.192-2002(ss), SECTION 178, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39.5. (a) As used in this section, "allocation area" has the meaning set forth in section 39 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) **and except as provided in subsection (h)**, each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. **Except as provided in subsection (h)**, one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement

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amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into an allocation fund under section 39(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes

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1 first due and payable in the allocation area in any year following the
2 year in which the resolution is adopted.

3 (g) A resolution adopted under subsection (e) remains in effect until
4 it is rescinded by the body that originally adopted it. However, a
5 resolution may not be rescinded if the rescission would adversely affect
6 the interests of the holders of bonds or other obligations that are
7 payable from allocated tax proceeds in that allocation area in a way that
8 would create a reasonable expectation that the principal of or interest
9 on the bonds or other obligations would not be paid when due. If a
10 resolution is rescinded and no other resolution is adopted, the
11 additional credit described in subsection (c) applies to property taxes
12 first due and payable in the allocation area in each year following the
13 year in which the resolution is rescinded.

14 **(h) If property tax installments are due in installments**
15 **established by the department of local government finance under**
16 **IC 6-1.1-22-9.5, each taxpayer subject to those installments in an**
17 **allocation area is entitled to an additional credit under subsection**
18 **(c) for the taxes (as defined in IC 6-1.1-21-2) due in installments.**
19 **The credit shall be applied in the same proportion to each**
20 **installment of taxes (as defined in IC 6-1.1-21-2).**

21 SECTION 73. IC 36-7-15.1-26.5, AS AMENDED BY
22 P.L.192-2002(ss), SECTION 181, IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26.5. (a) As used
24 in this section, "adverse determination" means a determination by the
25 fiscal officer of the consolidated city that the granting of credits
26 described in subsection (g) or (h) would impair any contract with or
27 otherwise adversely affect the owners of outstanding bonds payable
28 from the allocation area special fund.

29 (b) As used in this section, "allocation area" has the meaning set
30 forth in section 26 of this chapter.

31 (c) As used in this section, "special fund" refers to the special fund
32 into which property taxes are paid under section 26 of this chapter.

33 (d) As used in this section, "taxing district" has the meaning set
34 forth in IC 6-1.1-1-20.

35 (e) Except as provided in subsections (g), (h), ~~and (i), and (j)~~, each
36 taxpayer in an allocation area is entitled to an additional credit for taxes
37 (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and
38 payable in May and November of that year. **Except as provided in**
39 **subsection (j)**, one-half (1/2) of the credit shall be applied to each
40 installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the
41 amount determined under the following STEPS for each taxpayer in a
42 taxing district that contains all or part of the allocation area:

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1 STEP ONE: Determine that part of the sum of the amounts under
 2 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
 3 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
 4 the taxing district.

5 STEP TWO: Divide:

6 (A) that part of each county's † eligible property tax
 7 replacement amount (as defined in IC 6-1.1-21-2) for that year
 8 as determined under IC 6-1.1-21-4 that is attributable to the
 9 taxing district; by

10 (B) the STEP ONE sum.

11 STEP THREE: Multiply:

12 (A) the STEP TWO quotient; by

13 (B) the total amount of the taxpayer's taxes (as defined in
 14 IC 6-1.1-21-2) levied in the taxing district that would have
 15 been allocated to an allocation fund under section 26 of this
 16 chapter had the additional credit described in this section not
 17 been given.

18 The additional credit reduces the amount of proceeds allocated to the
 19 redevelopment district and paid into the special fund.

20 (f) The credit for property tax replacement under IC 6-1.1-21-5 and
 21 the additional credits under subsections (e), (g), (h), and (i), unless the
 22 credits under subsections (g) and (h) are partial credits, shall be
 23 computed on an aggregate basis for all taxpayers in a taxing district
 24 that contains all or part of an allocation area. Except as provided in
 25 subsections (h) and (i), the credit for property tax replacement under
 26 IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h),
 27 and (i) shall be combined on the tax statements sent to each taxpayer.

28 (g) This subsection applies to an allocation area if allocated taxes
 29 from that area were pledged to bonds, leases, or other obligations of the
 30 commission before May 8, 1989. A credit calculated using the method
 31 provided in subsection (e) may be granted under this subsection. The
 32 credit provided under this subsection is first applicable for the
 33 allocation area for property taxes first due and payable in 1992. The
 34 following apply to the determination of the credit provided under this
 35 subsection:

36 (1) Before June 15 of each year, the fiscal officer of the
 37 consolidated city shall determine and certify the following:

38 (A) All amounts due in the following year to the owners of
 39 outstanding bonds payable from the allocation area special
 40 fund.

41 (B) All amounts that are:

42 (i) required under contracts with bond holders; and

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- 1 (ii) payable from the allocation area special fund to fund
 2 accounts and reserves.
- 3 (C) An estimate of the amount of personal property taxes
 4 available to be paid into the allocation area special fund under
 5 section 26.9(c) of this chapter.
- 6 (D) An estimate of the aggregate amount of credits to be
 7 granted if full credits are granted.
- 8 (2) Before June 15 of each year, the fiscal officer of the
 9 consolidated city shall determine if the granting of the full amount
 10 of credits in the following year would impair any contract with or
 11 otherwise adversely affect the owners of outstanding bonds
 12 payable from the allocation area special fund.
- 13 (3) If the fiscal officer of the consolidated city determines under
 14 subdivision (2) that there would not be an impairment or adverse
 15 effect:
- 16 (A) the fiscal officer of the consolidated city shall certify the
 17 determination; and
- 18 (B) the full credits shall be applied in the following year,
 19 subject to the determinations and certifications made under
 20 section 26.7(b) of this chapter.
- 21 (4) If the fiscal officer of the consolidated city makes an adverse
 22 determination under subdivision (2), the fiscal officer of the
 23 consolidated city shall determine whether there is an amount of
 24 partial credits that, if granted in the following year, would not
 25 result in the impairment or adverse effect. If the fiscal officer
 26 determines that there is an amount of partial credits that would
 27 not result in the impairment or adverse effect, the fiscal officer
 28 shall do the following:
- 29 (A) Determine the amount of the partial credits.
- 30 (B) Certify that determination.
- 31 (5) If the fiscal officer of the consolidated city certifies under
 32 subdivision (4) that partial credits may be paid, the partial credits
 33 shall be applied pro rata among all affected taxpayers in the
 34 following year.
- 35 (6) An affected taxpayer may appeal any of the following to the
 36 circuit or superior court of the county in which the allocation area
 37 is located:
- 38 (A) A determination by the fiscal officer of the consolidated
 39 city that:
- 40 (i) credits may not be paid in the following year; or
- 41 (ii) only partial credits may be paid in the following year.
- 42 (B) A failure by the fiscal officer of the consolidated city to

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- 1 make a determination by June 15 of whether full or partial
 2 credits are payable under this subsection.
- 3 (7) An appeal of a determination must be filed not later than thirty
 4 (30) days after the publication of the determination.
- 5 (8) An appeal of a failure by the fiscal officer of the consolidated
 6 city to make a determination of whether the credits are payable
 7 under this subsection must be filed by July 15 of the year in which
 8 the determination should have been made.
- 9 (9) All appeals under subdivision (6) shall be decided by the court
 10 within sixty (60) days.
- 11 (h) This subsection applies to an allocation area if allocated taxes
 12 from that area were pledged to bonds, leases, or other obligations of the
 13 commission before May 8, 1989. A credit calculated using the method
 14 in subsection (e) and in subdivision (2) may be granted under this
 15 subsection. The following apply to the credit granted under this
 16 subsection:
- 17 (1) The credit is applicable to property taxes first due and payable
 18 in 1991.
- 19 (2) For purposes of this subsection, the amount of a credit for
 20 1990 taxes payable in 1991 with respect to an affected taxpayer
 21 is equal to:
- 22 (A) the amount of the quotient determined under STEP TWO
 23 of subsection (e); multiplied by
- 24 (B) the total amount of the property taxes payable by the
 25 taxpayer that were allocated in 1991 to the allocation area
 26 special fund under section 26 of this chapter.
- 27 (3) Before June 15, 1991, the fiscal officer of the consolidated
 28 city shall determine and certify an estimate of the aggregate
 29 amount of credits for 1990 taxes payable in 1991 if the full credits
 30 are granted.
- 31 (4) The fiscal officer of the consolidated city shall determine
 32 whether the granting of the full amounts of the credits for 1990
 33 taxes payable in 1991 against 1991 taxes payable in 1992 and the
 34 granting of credits under subsection (g) would impair any contract
 35 with or otherwise adversely affect the owners of outstanding
 36 bonds payable from the allocation area special fund for an
 37 allocation area described in subsection (g).
- 38 (5) If the fiscal officer of the consolidated city determines that
 39 there would not be an impairment or adverse effect under
 40 subdivision (4):
- 41 (A) the fiscal officer shall certify that determination; and
 42 (B) the full credits shall be applied against 1991 taxes payable

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1 in 1992 or the amount of the credits shall be paid to the
 2 taxpayers as provided in subdivision (12), subject to the
 3 determinations and certifications made under section 26.7(b)
 4 of this chapter.
 5 (6) If the fiscal officer of the consolidated city makes an adverse
 6 determination under subdivision (4), the fiscal officer shall
 7 determine whether there is an amount of partial credits for 1990
 8 taxes payable in 1991 that, if granted against 1991 taxes payable
 9 in 1992 in addition to granting of the credits under subsection (g),
 10 would not result in the impairment or adverse effect.
 11 (7) If the fiscal officer of the consolidated city determines under
 12 subdivision (6) that there is an amount of partial credits that
 13 would not result in the impairment or adverse effect, the fiscal
 14 officer shall determine the amount of partial credits and certify
 15 that determination.
 16 (8) If the fiscal officer of the consolidated city certifies under
 17 subdivision (7) that partial credits may be paid, the partial credits
 18 shall be applied pro rata among all affected taxpayers against
 19 1991 taxes payable in 1992.
 20 (9) An affected taxpayer may appeal any of the following to the
 21 circuit or superior court of the county in which the allocation area
 22 is located:
 23 (A) A determination by the fiscal officer of the consolidated
 24 city that:
 25 (i) credits may not be paid for 1990 taxes payable in 1991;
 26 or
 27 (ii) only partial credits may be paid for 1990 taxes payable
 28 in 1991.
 29 (B) A failure by the fiscal officer of the consolidated city to
 30 make a determination by June 15, 1991, of whether credits are
 31 payable under this subsection.
 32 (10) An appeal of a determination must be filed not later than
 33 thirty (30) days after the publication of the determination. Any
 34 such appeal shall be decided by the court within sixty (60) days.
 35 (11) An appeal of a failure by the fiscal officer of the consolidated
 36 city to make a determination of whether credits are payable under
 37 this subsection must be filed by July 15, 1991. Any such appeal
 38 shall be decided by the court within sixty (60) days.
 39 (12) If 1991 taxes payable in 1992 with respect to a parcel are
 40 billed to the same taxpayer to which 1990 taxes payable in 1991
 41 were billed, the county treasurer shall apply to the tax bill for
 42 1991 taxes payable in 1992 both the credit provided under

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subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area

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1 special fund under section 26 of this chapter.

2 (3) Before January 31, 1992, the county auditor shall determine

3 the amount of credits under subdivision (2) with respect to each

4 parcel in the allocation area for all prior years with respect to

5 which:

6 (A) taxes were billed to the same taxpayer for taxes payable in

7 each year from 1987 through 1991; or

8 (B) an application was filed by November 30, 1991, under

9 subdivision (8) for refund of the credits for prior years.

10 A report of the determination by parcel shall be sent by the county

11 auditor to the department of local government finance and the

12 budget agency within five (5) days of such determination.

13 (4) Before January 31, 1992, the county auditor shall determine

14 the quotient of the amounts determined under subdivision (3) with

15 respect to each parcel divided by six (6).

16 (5) Before January 31, 1992, the county auditor shall determine

17 the quotient of the aggregate amounts determined under

18 subdivision (3) with respect to all parcels divided by twelve (12).

19 (6) Except as provided in subdivisions (7) and (9), in each year in

20 which credits from prior years remain unpaid, credits for the prior

21 years in the amounts determined under subdivision (4) shall be

22 applied as provided in this subsection.

23 (7) If taxes payable in the current year with respect to a parcel are

24 billed to the same taxpayer to which taxes payable in all of the

25 prior years were billed and if the amount determined under

26 subdivision (3) with respect to the parcel is at least five hundred

27 dollars (\$500), the county treasurer shall apply the credits

28 provided for the current year under subsections (g) and (h) and

29 the credit in the amount determined under subdivision (4) to the

30 tax bill for taxes payable in the current year. However, if the

31 amount determined under subdivision (3) with respect to the

32 parcel is less than five hundred dollars (\$500) (referred to in this

33 subdivision as "small claims"), the county may, at the election of

34 the county auditor, either apply a credit in the amount determined

35 under subdivision (3) or (4) to the tax bill for taxes payable in the

36 current year or pay either amount to the taxpayer. If title to a

37 parcel transfers in a year in which a credit under this subsection

38 is applied to the tax bill, the transferor may file an application

39 with the county auditor within thirty (30) days of the date of the

40 transfer of title to the parcel for payments to the transferor at the

41 same times and in the same amounts that would have been

42 allowed as credits to the transferor under this subsection if there

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1 had not been a transfer. If a determination is made by the county
 2 auditor to refund or credit small claims in the amounts determined
 3 under subdivision (3) in 1992, the county auditor may make
 4 appropriate adjustments to the credits applied with respect to
 5 other parcels so that the total refunds and credits in any year will
 6 not exceed the payments made from the state property tax
 7 replacement fund to the prior year credit fund referred to in
 8 subdivision (11) in that year.

9 (8) If taxes payable in the current year with respect to a parcel are
 10 billed to a taxpayer that is not a taxpayer to which taxes payable
 11 in all of the prior years were billed, the county treasurer shall do
 12 the following:

13 (A) Apply only the credits under subsections (g) and (h) to the
 14 tax bill for taxes payable in the current year.

15 (B) Give notice by June 30, 1991, by publication two (2) times
 16 in three (3) newspapers in the county with the largest
 17 circulation of the availability of a refund of the credit.

18 A taxpayer entitled to the credit must file an application for
 19 refund of the credit with the county auditor not later than
 20 November 30, 1991. A refund shall be paid to an eligible
 21 applicant by May 10, 1992.

22 (9) A taxpayer who filed an application by November 30, 1991,
 23 is entitled to payment from the county treasurer under subdivision
 24 (8) in an amount that is in the same proportion to the credit
 25 determined under subdivision (3) with respect to a parcel as the
 26 amount of taxes payable in the prior years paid by the taxpayer
 27 with respect to the parcel bears to the taxes payable in the prior
 28 years with respect to the parcel.

29 (10) In each year on May 1 and November 1, the state shall pay
 30 to the county treasurer from the state property tax replacement
 31 fund the amount determined under subdivision (5).

32 (11) All payments received from the state under subdivision (10)
 33 shall be deposited into a special fund to be known as the prior
 34 year credit fund. The prior year credit fund shall be used to make:

35 (A) payments under subdivisions (7) and (9); and

36 (B) deposits into the special fund for the application of prior
 37 year credits.

38 (12) All amounts paid into the special fund for the allocation area
 39 under subdivision (11) are subject to any pledge of allocated
 40 property tax proceeds made by the redevelopment district under
 41 section 26(d) of this chapter, including but not limited to any
 42 pledge made to owners of outstanding bonds of the

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1 redevelopment district of allocated taxes from that area.

2 (13) By January 15, 1993, and by January 15 of each year
3 thereafter, the county auditor shall send to the department of local
4 government finance and the budget agency a report of the
5 receipts, earnings, and disbursements of the prior year credit fund
6 for the prior calendar year. If in the final year that credits under
7 **this subsection** ~~(i)~~ are allowed any balance remains in the prior
8 year credit fund after the payment of all credits payable under this
9 subsection, such balance shall be repaid to the treasurer of state
10 for deposit in the property tax replacement fund.

11 (14) In each year, the county shall limit the total of all refunds and
12 credits provided for in this subsection to the total amount paid in
13 that year from the property tax replacement fund into the prior
14 year credit fund and any balance remaining from the preceding
15 year in the prior year credit fund.

16 **(j) If property tax installments are due in installments**
17 **established by the department of local government finance under**
18 **IC 6-1.1-22-9.5, each taxpayer subject to those installments in an**
19 **allocation area is entitled to an additional credit under subsection**
20 **(e) for the taxes (as defined in IC 6-1.1-21-2) due in installments.**
21 **The credit shall be applied in the same proportion to each**
22 **installment of taxes (as defined in IC 6-1.1-21-2).**

23 SECTION 74. IC 36-7-15.1-35, AS AMENDED BY
24 P.L.192-2002(ss), SECTION 182, IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a)
26 Notwithstanding section 26(a) of this chapter, with respect to the
27 allocation and distribution of property taxes for the accomplishment of
28 a program adopted under section 32 of this chapter, "base assessed
29 value" means the net assessed value of all of the land as finally
30 determined for the assessment date immediately preceding the effective
31 date of the allocation provision, as adjusted under section 26(g) of this
32 chapter. However, "base assessed value" does not include the value of
33 real property improvements to the land.

34 (b) The special fund established under section 26(b) of this chapter
35 for the allocation area for a program adopted under section 32 of this
36 chapter may be used only for purposes related to the accomplishment
37 of the program, including the following:

38 (1) The construction, rehabilitation, or repair of residential units
39 within the allocation area.

40 (2) The construction, reconstruction, or repair of infrastructure
41 (such as streets, sidewalks, and sewers) within or serving the
42 allocation area.

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(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) **Except as provided in subsection (g)**, the commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable ~~on~~ in May \pm and November \pm of a year. **Except as provided in**

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1 **subsection (g), one-half (1/2) of the credit shall be applied to each**
 2 **installment of taxes (as defined in IC 6-1.1-21-2).** The commission
 3 must provide for the credit annually by a resolution and must find in
 4 the resolution the following:

5 (1) That the money to be collected and deposited in the allocation
 6 fund, based upon historical collection rates, after granting the
 7 credit will equal the amounts payable for contractual obligations
 8 from the fund, plus ten percent (10%) of those amounts.

9 (2) If bonds payable from the fund are outstanding, that there is
 10 a debt service reserve for the bonds that at least equals the amount
 11 of the credit to be granted.

12 (3) If bonds of a lessor under section 17.1 of this chapter or under
 13 IC 36-1-10 are outstanding and if lease rentals are payable from
 14 the fund, that there is a debt service reserve for those bonds that
 15 at least equals the amount of the credit to be granted.

16 If the tax increment is insufficient to grant the credit in full, the
 17 commission may grant the credit in part, prorated among all taxpayers.

18 (e) Notwithstanding section 26(b) of this chapter, the special fund
 19 established under section 26(b) of this chapter for the allocation area
 20 for a program adopted under section 32 of this chapter may only be
 21 used to do one (1) or more of the following:

22 (1) Accomplish one (1) or more of the actions set forth in section
 23 26(b)(2)(A) through 26(b)(2)(H) of this chapter.

24 (2) Reimburse the consolidated city for expenditures made by the
 25 city in order to accomplish the housing program in that allocation
 26 area.

27 The special fund may not be used for operating expenses of the
 28 commission.

29 (f) Notwithstanding section 26(b) of this chapter, the commission
 30 shall, relative to the special fund established under section 26(b) of this
 31 chapter for an allocation area for a program adopted under section 32
 32 of this chapter, do the following before July 15 of each year:

33 (1) Determine the amount, if any, by which property taxes payable
 34 to the allocation fund in the following year will exceed the
 35 amount of property taxes necessary:

36 (A) to make, when due, principal and interest payments on
 37 bonds described in section 26(b)(2) of this chapter;

38 (B) to pay the amount necessary for other purposes described
 39 in section 26(b)(2) of this chapter; and

40 (C) to reimburse the consolidated city for anticipated
 41 expenditures described in subsection (e)(2).

42 (2) Notify the county auditor of the amount, if any, of excess

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property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

(g) If property tax installments are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 75. IC 36-7-15.1-56, AS AMENDED BY P.L.192-2002(ss), SECTION 184, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) **and except as provided in subsection (h)**, each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. **Except as provided in subsection (h)**, one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 53 of this chapter had the additional credit described in this section not

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1 been given.
 2 The additional credit reduces the amount of proceeds allocated to the
 3 development district and paid into an allocation fund under section
 4 53(b)(2) of this chapter.

5 (d) If the additional credit under subsection (c) is not reduced under
 6 subsection (e) or (f), the credit for property tax replacement under
 7 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
 8 computed on an aggregate basis for all taxpayers in a taxing district
 9 that contains all or part of an allocation area. The credit for property tax
 10 replacement under IC 6-1.1-21-5 and the additional credit under
 11 subsection (c) shall be combined on the tax statements sent to each
 12 taxpayer.

13 (e) Upon the recommendation of the commission, the excluded city
 14 legislative body may, by resolution, provide that the additional credit
 15 described in subsection (c):

- 16 (1) does not apply in a specified allocation area; or
 17 (2) is to be reduced by a uniform percentage for all taxpayers in
 18 a specified allocation area.

19 (f) Whenever the excluded city legislative body determines that
 20 granting the full additional credit under subsection (c) would adversely
 21 affect the interests of the holders of bonds or other contractual
 22 obligations that are payable from allocated tax proceeds in that
 23 allocation area in a way that would create a reasonable expectation that
 24 those bonds or other contractual obligations would not be paid when
 25 due, the excluded city legislative body must adopt a resolution under
 26 subsection (e) to deny the additional credit or reduce it to a level that
 27 creates a reasonable expectation that the bonds or other obligations will
 28 be paid when due. A resolution adopted under subsection (e) denies or
 29 reduces the additional credit for property taxes first due and payable in
 30 the allocation area in any year following the year in which the
 31 resolution is adopted.

32 (g) A resolution adopted under subsection (e) remains in effect until
 33 it is rescinded by the body that originally adopted it. However, a
 34 resolution may not be rescinded if the rescission would adversely affect
 35 the interests of the holders of bonds or other obligations that are
 36 payable from allocated tax proceeds in that allocation area in a way that
 37 would create a reasonable expectation that the principal of or interest
 38 on the bonds or other obligations would not be paid when due. If a
 39 resolution is rescinded and no other resolution is adopted, the
 40 additional credit described in subsection (c) applies to property taxes
 41 first due and payable in the allocation area in each year following the
 42 year in which the resolution is rescinded.

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1 (h) If property tax installments are due in installments
 2 established by the department of local government finance under
 3 IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
 4 allocation area is entitled to an additional credit under subsection
 5 (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments.
 6 The credit shall be applied in the same proportion to each
 7 installment of taxes (as defined in IC 6-1.1-21-2).

8 SECTION 76. IC 36-7-30-27, AS AMENDED BY
 9 P.L.192-2002(ss), SECTION 186, IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) As used in
 11 this section, "allocation area" has the meaning set forth in section 25 of
 12 this chapter.

13 (b) As used in this section, "taxing district" has the meaning set
 14 forth in IC 6-1.1-1-20.

15 (c) Subject to subsection (e) and except as provided in subsection
 16 (h), each taxpayer in an allocation area is entitled to an additional
 17 credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9
 18 are due and payable in May and November of that year. **Except as**
 19 **provided in subsection (h)**, one-half (1/2) of the credit shall be applied
 20 to each installment of taxes (as defined in IC 6-1.1-21-2). This credit
 21 equals the amount determined under the following STEPS for each
 22 taxpayer in a taxing district that contains all or part of the allocation
 23 area:

24 STEP ONE: Determine that part of the sum of the amounts under
 25 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
 26 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
 27 the taxing district.

28 STEP TWO: Divide:

29 (A) that part of each county's eligible property tax replacement
 30 amount (as defined in IC 6-1.1-21-2) for that year as
 31 determined under IC 6-1.1-21-4 that is attributable to the
 32 taxing district; by

33 (B) the STEP ONE sum.

34 STEP THREE: Multiply:

35 (A) the STEP TWO quotient; times

36 (B) the total amount of the taxpayer's taxes (as defined in
 37 IC 6-1.1-21-2) levied in the taxing district that would have
 38 been allocated to an allocation fund under section 25 of this
 39 chapter had the additional credit described in this section not
 40 been given.

41 The additional credit reduces the amount of proceeds allocated to the
 42 military base reuse district and paid into an allocation fund under

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1 section 25(b)(2) of this chapter.

2 (d) If the additional credit under subsection (c) is not reduced under
3 subsection (e) or (f), the credit for property tax replacement under
4 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
5 computed on an aggregate basis for all taxpayers in a taxing district
6 that contains all or part of an allocation area. The credit for property tax
7 replacement under IC 6-1.1-21-5 and the additional credit under
8 subsection (c) shall be combined on the tax statements sent to each
9 taxpayer.

10 (e) Upon the recommendation of the reuse authority, the municipal
11 legislative body (in the case of a reuse authority established by a
12 municipality) or the county executive (in the case of a reuse authority
13 established by a county) may by resolution provide that the additional
14 credit described in subsection (c):

15 (1) does not apply in a specified allocation area; or

16 (2) is to be reduced by a uniform percentage for all taxpayers in
17 a specified allocation area.

18 (f) If the municipal legislative body or county executive determines
19 that granting the full additional credit under subsection (c) would
20 adversely affect the interests of the holders of bonds or other
21 contractual obligations that are payable from allocated tax proceeds in
22 that allocation area in a way that would create a reasonable expectation
23 that those bonds or other contractual obligations would not be paid
24 when due, the municipal legislative body or county executive must
25 adopt a resolution under subsection (e) to deny the additional credit or
26 reduce the credit to a level that creates a reasonable expectation that
27 the bonds or other obligations will be paid when due. A resolution
28 adopted under subsection (e) denies or reduces the additional credit for
29 property taxes first due and payable in the allocation area in any year
30 following the year in which the resolution is adopted.

31 (g) A resolution adopted under subsection (e) remains in effect until
32 rescinded by the body that originally adopted the resolution. However,
33 a resolution may not be rescinded if the rescission would adversely
34 affect the interests of the holders of bonds or other obligations that are
35 payable from allocated tax proceeds in that allocation area in a way that
36 would create a reasonable expectation that the principal of or interest
37 on the bonds or other obligations would not be paid when due. If a
38 resolution is rescinded and no other resolution is adopted, the
39 additional credit described in subsection (c) applies to property taxes
40 first due and payable in the allocation area in each year following the
41 year in which the resolution is rescinded.

42 (h) **If property tax installments are due in installments**

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1 established by the department of local government finance under
 2 IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
 3 allocation area is entitled to an additional credit under subsection
 4 (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments.
 5 The credit shall be applied in the same proportion to each
 6 installment of taxes (as defined in IC 6-1.1-21-2).

7 SECTION 77. IC 36-7-32-18, AS ADDED BY P.L.192-2002(ss),
 8 SECTION 187, IS AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) **Except as provided in**
 10 **subsection (e)**, a redevelopment commission may, by resolution,
 11 provide that each taxpayer in a certified technology park that has been
 12 designated as an allocation area is entitled to an additional credit for
 13 taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due
 14 and payable in May and November of that year. **Except as provided**
 15 **in subsection (e)**, one-half (1/2) of the credit shall be applied to each
 16 installment of property taxes. This credit equals the amount determined
 17 under the following STEPS for each taxpayer in a taxing district that
 18 contains all or part of the certified technology park:

19 STEP ONE: Determine that part of the sum of the amounts under
 20 IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through
 21 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

22 STEP TWO: Divide:

23 (A) that part of the county's total eligible property tax
 24 replacement amount (as defined in IC 6-1.1-21-2) for that year
 25 as determined under IC 6-1.1-21-4 that is attributable to the
 26 taxing district; by

27 (B) the STEP ONE sum.

28 STEP THREE: Multiply:

29 (A) the STEP TWO quotient; by

30 (B) the total amount of the taxpayer's taxes (as defined in
 31 IC 6-1.1-21-2) levied in the taxing district that would have
 32 been allocated to the certified technology park fund under
 33 section 17 of this chapter had the additional credit described
 34 in this section not been given.

35 The additional credit reduces the amount of proceeds allocated and
 36 paid into the certified technology park fund under section 17 of this
 37 chapter.

38 (b) The additional credit under subsection (a) shall be:

39 (1) computed on an aggregate basis of all taxpayers in a taxing
 40 district that contains all or part of a certified technology park; and

41 (2) combined on the tax statement sent to each taxpayer.

42 (c) Concurrently with the mailing or other delivery of the tax

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statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

(e) **If property tax installments are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).**

SECTION 78. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2004]: IC 6-1.1-3-20; IC 6-1.1-9-5.

SECTION 79. IC 6-1.1-35.5-9 IS REPEALED [EFFECTIVE JULY 1, 2004].

SECTION 80. P.L.192-2002(ss), SECTION 210 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE] (a) **For each county, the department of local government finance shall prescribe a form for explaining the average countywide effect that the property tax reforms in P.L.192-2002(ss) and this act had on the net ad valorem property tax liability that homestead owners, including all persons eligible for a homestead credit under IC 6-1.1-20.9, are required to pay for property taxes imposed for an assessment date after February 28, 2003, and first due and payable in ~~2003~~ 2004. The form must include a comparison between the amount of the average tax that would be due in the county on a homestead if property tax reforms had not been enacted and the average tax that is due in the county on a homestead. The form must include a statement that the tax relief provided by P.L.192-2002(ss) and this act may have been reduced by property tax increases imposed by local units of government. The department of local government shall provide the county's form to the county treasurer not later than the date that the department of local government certifies tax levies, tax rates, and budgets for the county under IC 6-1.1-17.**

(†) (b) A county treasurer who mails a property tax statement under

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IC 6-1.1-22-8(a)(1) for property taxes imposed for an assessment date after February 28, 2003, and first due and payable in 2004 on a homestead shall include in or mail with the statement

(A) the following statement:

"Your assessing officials have completed a general reassessment of all real property in the county. The reassessment was necessary to comply with Indiana law. The Indiana General Assembly has increased the property tax replacement credit and made other changes to the property tax system to substantially reduce the effects that this reassessment may have on your property tax liability; and

(B) a comparison of:

- (i) the amount of the taxpayer's property tax liability; and
- (ii) the amount that the taxpayer's property tax liability would have been had this act not been enacted by the general assembly; and

the form prescribed for the county under subsection (a). ~~(2)~~ A county treasurer who transmits a statement to a person's mortgagee under IC 6-1.1-22-8(a)(2) for property taxes imposed for an assessment date after February 28, 2003, and first due and payable in 2004 on a homestead shall, at the time the county treasurer mails statements under IC 6-1.1-22-8(a)(1), mail or cause to be mailed to the last known address of the person ~~(A)~~ the statement referred to in subdivision ~~(1)~~(A); and ~~(B)~~ the comparison referred to in subdivision ~~(1)~~(B). form prescribed for the county under subsection (a). The form need not be included in the statement transmitted to the person's mortgagee. The information sent under this subsection must be conspicuously displayed in at least 12 point bold type.

(c) When the county treasurer has complied with subsection (b), the county treasurer shall certify in writing to the department of state revenue that the county treasurer has complied with this SECTION.

(d) This SECTION expires December 31, ~~2003~~. 2005.

SECTION 81. [EFFECTIVE UPON PASSAGE] Any action taken by the department of local government finance before January 1, 2004, to:

- (1) allow a taxpayer to file a petition under IC 6-1.1-15-1(b)(1) more than forty-five (45) days after notice of a change in the assessment is given to the taxpayer;
- (2) allow the payment of property taxes in installments other than the installments prescribed in IC 6-1.1-22-9(a); or
- (3) waive all or part of a penalty under IC 6-1.1-37-10;

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1 is legalized and validated.

2 SECTION 82. [EFFECTIVE JULY 1, 2004] A county assessor,
3 township assessor, or township trustee-assessor serving on January
4 1, 2006, is required to comply with IC 6-1.1-35-1.1, as amended by
5 this act, only if the assessor or trustee-assessor is elected to a new
6 term of office that begins after December 31, 2005.

7 SECTION 83. [EFFECTIVE UPON PASSAGE] (a) For purposes
8 of this SECTION, "benefit" means:

9 (1) a credit under IC 6-1.1-20.9; or

10 (2) a deduction under any of the following:

11 IC 6-1.1-12-1

12 IC 6-1.1-12-9, as amended by this act

13 IC 6-1.1-12-11

14 IC 6-1.1-12-13

15 IC 6-1.1-12-14

16 IC 6-1.1-12-16

17 IC 6-1.1-12-17.4.

18 IC 6-1.1-12-44, as amended by this act

19 (b) This SECTION applies to an individual who, with respect to
20 a real property parcel:

21 (1) did not receive a benefit for property taxes first due and
22 payable in 2003;

23 (2) subject to subsection (c), before December 15, 2003, met
24 the eligibility criteria for the benefit under a section referred
25 to in subsection (a) for property taxes first due and payable in
26 2004; and

27 (3) did not file a timely application as required by law for the
28 benefit for property taxes first due and payable in 2004.

29 (c) Notwithstanding IC 6-1.1-20.9-2 or any other law, for
30 purposes of this SECTION, an individual is not required to have
31 been the owner or contract purchaser of the property on March 1,
32 2003, to meet the eligibility criteria for the homestead credit or
33 other benefit under this SECTION. An individual who is the owner
34 or contract purchaser on the date that the individual files a claim
35 for a benefit under this SECTION meets the ownership criteria for
36 the benefit.

37 (d) Except as provided in subsection (e), an individual may:

38 (1) claim a benefit referred to in subsection (a)(1) by meeting
39 the filing requirements of IC 6-1.1-20.9; and

40 (2) claim a benefit referred to in subsection (a)(2) by meeting
41 the filing requirements of IC 6-1.1-12.

42 (e) The filing requirements for a benefit under this SECTION

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1 must be met before December 15, 2003.

2 (f) The department of local government finance shall:

3 (1) prescribe forms; or

4 (2) issue instructions for the use of existing forms;
5 for filing a claim under subsection (d).

6 (g) The county auditor shall determine the individual's
7 eligibility for a benefit under this SECTION. If the county auditor
8 determines that an individual is eligible for a benefit under this
9 SECTION for a parcel, the county auditor shall:

10 (1) apply the benefit with respect to taxes first due and
11 payable in 2004 for the parcel; and

12 (2) before January 1, 2004:

13 (A) send to the department of local government finance a
14 revised certification under IC 6-1.1-17-1(a) for the county
15 that reflects:

16 (i) the benefits applied under this SECTION; and

17 (ii) deductions under IC 6-1.1-12-37 and IC 6-1.1-12-43
18 applied as described in subsection (k); and

19 (B) certify to the department of local government finance
20 the amount of homestead credits allowed in the county
21 under this SECTION for property taxes first due and
22 payable in 2004.

23 (h) The department of local government finance shall use the
24 revised certifications received under subsection (g)(2)(A) in the
25 department's determination of tax rates under IC 6-1.1-17-16 for
26 taxes first due and payable in 2004. Notwithstanding
27 IC 6-1.1-17-16(d), the department of local government finance may
28 increase a political subdivision's tax rate to an amount that exceeds
29 the amount originally fixed by the political subdivision based on
30 the revised certification received under subsection (g)(2)(A).

31 (i) Before January 15, 2004, the department of local government
32 finance shall certify the amount of homestead credits referred to
33 in subsection (g)(2)(B) to the department of state revenue. For
34 property taxes first due and payable in 2004, the department of
35 state revenue shall allocate under IC 6-1.1-21-4 from the property
36 tax replacement fund an additional amount equal to the total
37 amount of homestead credits allowed under this SECTION for
38 property taxes first due and payable in 2004. The department of
39 state revenue shall distribute the amount allocated under this
40 subsection in the same manner that other property tax replacement
41 fund distributions are made in 2004.

42 (j) A statement filed under this SECTION to obtain a benefit for

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property taxes first due and payable in 2004 applies for that year and any succeeding year for which the benefit is allowed.

(k) Each year a person who is entitled under this SECTION to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-37 from the assessed value of the real property that qualifies for the homestead credit. Each year a person who is entitled under this SECTION to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-43 from the assessed value of the real property that qualifies for the homestead credit if the dwelling on the homestead was initially erected at least fifty (50) years before March 1, 2003.

SECTION 84. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement the following:

- (1) IC 6-1.1-4-39.
- (2) IC 6-1.1-7-15.
- (3) IC 6-1.1-31-3.
- (4) IC 6-1.1-31-6.
- (5) IC 6-1.1-31-7.

(c) A temporary rule adopted under this SECTION expires on the earlier of the following:

- (1) The date that another temporary rule is adopted under this SECTION or a permanent rule is adopted under IC 4-22-2 to supersede the temporary rule.
- (2) December 31, 2006.

(d) If a tax statement issued under IC 6-1.1-22-8 does not reflect the requirements of IC 6-1.1-4-35 or IC 6-1.1-7-15, as added by this act, and the rules adopted by the department of local government finance, the taxpayer may submit evidence in an appeal under IC 6-1.1-15-1 that establishes the assessed valuation of property by any of the approaches described in IC 6-1.1-4-35 or IC 6-1.1-7-15.

SECTION 85. [EFFECTIVE UPON PASSAGE] IC 6-1.1-12-43, as added by this act, applies only to property taxes imposed for an assessment date after February 28, 2003, and first due and payable after December 31, 2003.

SECTION 86. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 and IC 6-1.1-12-44, as added by this act, apply throughout this SECTION.

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(b) IC 6-1.1-12-44, as added by this act, applies only to property taxes first due and payable after December 31, 2003, for an assessment date after February 28, 2003.

(c) Notwithstanding IC 6-1.1-12-44, as added by this act, the time in which a person may file the initial application for a deduction under IC 6-1.1-12-43, as added by this act, for property taxes first due and payable in 2004 is extended from May 10, 2003, to February 29, 2004.

(d) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement this SECTION. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date another temporary rule is adopted under this SECTION to supersede the previously adopted temporary rule.

(2) The date that a permanent rule superseding the temporary rule is adopted and becomes effective under IC 4-22-2.

(3) January 1, 2005.

SECTION 87. [EFFECTIVE JANUARY 1, 2004] (a) The definitions in IC 6-1.1-1 and IC 6-1.1-21 apply throughout this SECTION.

(b) IC 6-1.1-21-9, as amended by this act, applies only to:

(1) the total amount by which the property tax replacement credits and homestead credits allowable in the auditor's county changed for property taxes imposed for assessment dates after February 28, 2002; and

(2) settlement dates after December 31, 2003.

SECTION 88. [EFFECTIVE UPON PASSAGE] IC 6-1.1-17-8.5, IC 6-1.1-18.5-6, IC 6-1.1-19-1.5, IC 6-1.1-19-4.7, IC 20-5.5-7-3, and IC 21-3-1.7-6.8, all as added or amended by this act, apply to property taxes first due and payable after December 31, 2003.

SECTION 89. [EFFECTIVE JULY 1, 2004] IC 6-1.1-17-20, as amended by this act, applies only to:

(1) property taxes first due and payable; and

(2) budgets for budget years;

after December 31, 2004.

SECTION 90. [EFFECTIVE UPON PASSAGE] (a) The department of local government finance may not prescribe a form for taxpayers to request a preliminary conference under IC 6-1.1-15-1, as amended by this act. Any written document containing the information specified in IC 6-1.1-15-1(b), as

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1 amended by this act, is sufficient to initiate a preliminary
2 conference under this act.

3 (b) The department of local government finance may modify the
4 form known as the "Form 130" to enable township assessors and
5 taxpayers to report the results of preliminary conferences held
6 under IC 6-1.1-15-1, as amended by this act, to the appropriate
7 county property tax assessment board of appeals.

8 (c) The following provisions apply to a taxpayer who, before the
9 effective date of this act, filed a petition for review of an assessment
10 determination by a township assessor in the manner provided by
11 IC 6-1.1-15-1, as in effect before the effective date of the
12 amendment made by this act:

13 (1) The taxpayer is not required to file a request for a
14 preliminary conference with the township assessor.

15 (2) The provisions of IC 6-1.1-15-1, as in effect before the
16 effective date of this act, with respect to a preliminary
17 conference with the township assessor and a hearing before
18 the county property tax assessment board of appeals apply to
19 the taxpayer's petition.

20 SECTION 91. [EFFECTIVE UPON PASSAGE] (a) As used in this
21 SECTION, "department" refers to the department of local
22 government finance.

23 (b) The department shall study the feasibility of creating
24 uniform and common computer software programs for property
25 tax assessment purposes, including computer software programs
26 that allow the sharing and transfer of assessment data in a uniform
27 format by the state and all counties.

28 (c) The department shall report the results of the study required
29 by subsection (b) to the commission on state tax and financing
30 policy before September 1, 2004.

31 (d) Upon approval of the governor, the budget agency may
32 authorize the payment of expenses incurred by the department in
33 conducting the study required by subsection (b) from amounts
34 allotted from the departmental and institutional emergency
35 contingency fund.

36 (e) This SECTION expires January 1, 2005.

37 SECTION 92. [EFFECTIVE UPON PASSAGE] IC 6-1.1-15-11, as
38 amended by this act, applies only to refunds that result from
39 assessment reductions for which notice is given to the taxpayer
40 after December 31, 2003.

41 SECTION 93. [EFFECTIVE UPON PASSAGE] IC 6-3-1-3.5, as
42 amended by this act, applies only to taxable years after December

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1 **31, 2003.**
2 SECTION 94. [EFFECTIVE UPON PASSAGE] **The provisions of**
3 **this act are severable in the manner provided by IC 1-1-1-8(b).**
4 SECTION 95. [EFFECTIVE UPON PASSAGE] (a) **A religious**
5 **institution may file an application under IC 6-1.1-11 before May**
6 **11, 2004, for exemption of one (1) or more parcels of real property**
7 **for property taxes first due and payable in 2002 if:**
8 **(1) the religious institution did not file an application under**
9 **IC 6-1.1-11 for exemption of the real property with respect to**
10 **property taxes first due and payable in 2002;**
11 **(2) the religious institution acquired the real property in 2000;**
12 **and**
13 **(3) the real property was exempt from property taxes for**
14 **property taxes first due and payable in 2001.**
15 **(b) If a religious institution files an exemption application under**
16 **subsection (a):**
17 **(1) the exemption application is subject to review and action**
18 **by:**
19 **(A) the county property tax assessment board of appeals;**
20 **and**
21 **(B) the department of local government finance; and**
22 **(2) the exemption determination made under subdivision (1)**
23 **is subject to appeal;**
24 **in the same manner that would have applied if an application for**
25 **exemption had been timely filed in 2001.**
26 **(c) If an exemption application filed under subsection (a) is**
27 **approved, the religious institution may file a claim under**
28 **IC 6-1.1-26-1 with the county auditor for a refund for the payment**
29 **of property taxes first due and payable in 2002 with respect to the**
30 **exempt property.**
31 **(d) Upon receiving a claim for a refund filed under subsection**
32 **(c), the county auditor shall determine whether the claim is correct.**
33 **If the county auditor determines that the claim is correct, the**
34 **auditor shall, without an appropriation being required, issue a**
35 **warrant to the claimant payable from the county general fund for**
36 **the amount of the refund due the claimant. No interest is payable**
37 **on the refund.**
38 **(e) This SECTION expires January 1, 2005.**
39 SECTION 96. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1001, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 13, after "in" insert "**IC 6-1.1-22-8.**".

Page 5, delete line 14.

Page 5, line 29, delete "section 20 of this chapter." and insert "**IC 6-1.1-22-8.**".

Page 5, delete lines 30 through 39.

Page 15, line 13, delete "is" and insert "**should be**".

Page 16, line 22, delete "committee" and insert "**commission**".

Page 19, line 8, delete "2003," and insert "**2004,**".

Page 21, line 13, strike "twenty-five" and insert "**thirty-five**".

Page 21, line 13, strike "(\$25,000);" and insert "**(\$35,000);**".

Page 62, line 19, delete "this provisional statement is sent to".

Page 62, line 20, delete "property owners in a county that" and insert "
" _____ **County (insert county)**".

Page 62, line 24, delete "of _____ County (insert county)".

Page 65, line 20, after "supplement the" delete "other".

Page 65, line 21, delete "article" and insert "**chapter**".

Page 105, delete lines 12 through 13.

Page 106, delete lines 27 through 42.

Page 107, delete lines 1 through 5.

Page 107, line 6, delete "(g)" and insert "**(d)**".

Page 107, delete lines 7 through 11.

Page 107, line 32, after "IC 6-1.1-12-9" insert "**, as amended by this act**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1001 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 25, nays 3.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 3, line 10, delete "IC 6-1.1-22.5-20." and insert "**IC 6-1.1-4-37(l).**".

Page 3, line 12, delete "IC 6-1.1-4-33." and insert "IC 6-1.1-4-33, **IC 6-1.1-4-36(j), or IC 6-1.1-22.5-20.**".

Page 4, line 3, after "IC 22-13-2-8(c)," insert "**and except as provided in subsection (j),**".

Page 4, line 6, after "(a)(14)," insert "**(a)(25), or (a)(26),**".

Page 4, line 9, after "periods." insert "**A rule adopted under subsection (a)(25) or(a)(26) may be extended for an unlimited number of extension periods.**".

Page 4, between lines 21 and 22, begin a new paragraph and insert: "**(j) A rule described in subsection (a)(26) expires not later than January 1, 2006.**".

Page 6, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 7. IC 6-1.1-4-34, AS ADDED BY P.L.235-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 8, 2003 (RETROACTIVE)]: Sec. 34. (a) As used in this section, "special master" refers to a person designated by the Indiana board under subsection (e).

(b) The notice of reassessment under section 32(f) of this chapter is subject to appeal by the taxpayer to the Indiana board. The procedures and time limitations that apply to an appeal to the Indiana board of a determination of the department of local government finance do not apply to an appeal under this subsection. The Indiana board may establish applicable procedures and time limitations under subsection (l).

(c) In order to appeal under subsection (b), the taxpayer must:

- (1) request and participate as required in the informal hearing process under section 33 of this chapter not later than forty-five (45) days after the date of the notice of reassessment under section 32(f) of this chapter;
- (2) except as provided in section 33(i) of this chapter, receive a notice of changed reassessment under section 33(g) of this chapter; and
- (3) file a petition for review with the appropriate county assessor not later than thirty (30) days after the notice of the department of local government finance is given to the taxpayer under section ~~32(f)~~ **32(g)** of this chapter.

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(d) The Indiana board may develop a form for petitions under subsection (c) that:

(1) outlines:

- (A) the appeal process;
- (B) the burden of proof; and
- (C) evidence necessary to warrant a change to a reassessment; and

(2) describes:

- (A) the increase in the property tax replacement credit; and
- (B) other changes to the property tax system; under P.L.192-2002(ss) that reduced the effect of general reassessment on property tax liability.

(e) The Indiana board may contract with, appoint, or otherwise designate the following to serve as special masters to conduct evidentiary hearings and prepare reports required under subsection (g):

- (1) Independent, licensed appraisers.
- (2) Attorneys.
- (3) Certified level two Indiana assessor-appraisers (including administrative law judges employed by the Indiana board).
- (4) Other qualified individuals.

(f) Each contract entered into under subsection (e) must specify the appointee's compensation and entitlement to reimbursement for expenses. The compensation and reimbursement for expenses are paid from the county property reassessment fund. Payments under this subsection from the county property reassessment fund may not exceed five hundred thousand dollars (\$500,000).

(g) With respect to each petition for review filed under subsection (c), the special masters shall:

- (1) set a hearing date;
- (2) give notice of the hearing at least thirty (30) days before the hearing date, by mail, to:
 - (A) the taxpayer;
 - (B) the department of local government finance;
 - (C) the township assessor; and
 - (D) the county assessor;
- (3) conduct a hearing and hear all evidence submitted under this section; and
- (4) make evidentiary findings and file a report with the Indiana board.

(h) At the hearing under subsection (g):

- (1) the taxpayer shall present:
 - (A) its evidence that the reassessment is incorrect;

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- (B) the method by which the taxpayer contends the reassessment is correctly determined; and
 - (C) comparable sales, appraisals, or other pertinent information concerning valuation as required by the Indiana board; and
 - (2) the department of local government finance shall present its evidence that the reassessment is correct.
 - (i) The Indiana board may dismiss a petition for review filed under subsection (c) if the evidence and other information required under subsection (h)(1) is not provided at the hearing under subsection (g).
 - (j) The township assessor and the county assessor may attend and participate in the hearing under subsection (g).
 - (k) The Indiana board may:
 - (1) consider the report of the special masters under subsection (g)(4);
 - (2) make a final determination based on the findings of the special masters without:
 - (A) conducting a hearing; or
 - (B) any further proceedings; and
 - (3) incorporate the findings of the special masters into the board's findings in resolution of the appeal.
 - (l) The Indiana board may adopt emergency rules under IC 4-22-2-37.1 to:
 - (1) establish procedures to expedite:
 - (A) the conduct of hearings under subsection (g); and
 - (B) the issuance of determinations of appeals under subsection (b); and
 - (2) establish deadlines:
 - (A) for conducting hearings under subsection (g); and
 - (B) for issuing determinations of appeals under subsection (b).
 - (m) A determination by the Indiana board of an appeal under subsection (b) is subject to appeal to the tax court under IC 6-1.1-15.
 - (n) This section expires December 31, 2005."
- Page 17, delete lines 14 through 21, begin a new paragraph and insert:
- "(b) The value of federal income tax credits may not be considered in determining the true tax value of the property."**
- Page 19, delete lines 14 through 21, begin a new line blocked left and insert:
- "The value of federal income tax credits may not be considered in determining the true tax value of the property."**
- Page 48, reset in bold lines 26 through 28.

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Page 76, between lines 32 and 33, begin a new paragraph and insert:
 "SECTION 61. IC 6-3-1-3.5, AS AMENDED BY P.L.105-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a

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political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, ~~IC 12-10-6-2~~, **IC 12-10-6-2.1**, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the

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individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) **for a taxable year:**

(i) **including any part of 2004, the amount determined under subsection (f); and**

(ii) **beginning after December 31, 2004,** two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted

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gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

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(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

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STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500)."

Page 101, line 39, delete "a" and insert "as".

Page 107, line 4, after "(2)" insert "subject to subsection (c), before December 15, 2003,".

Page 107, between lines 8 and 9, begin a new paragraph and insert:
"(c) Notwithstanding IC 6-1.1-20.9-2 or any other law, for purposes of this SECTION, an individual is not required to have been the owner or contract purchaser of the property on March 1, 2003, to meet the eligibility criteria for the homestead credit or other benefit under this SECTION. An individual who is the owner or contract purchaser on the date that the individual files a claim for a benefit under this SECTION meets the ownership criteria for the benefit."

Page 107, line 9, delete "(c)" and insert "(d)".

Page 107, line 9, delete "(d)" and insert "(e)".

Page 107, line 14, delete "(d)" and insert "(e)".

Page 107, line 16, delete "(e)" and insert "(f)".

Page 107, line 19, delete "(c)" and insert "(d)".

Page 107, line 20, delete "(f)" and insert "(g)".

Page 107, line 32, delete "(j)" and insert "(k)".

Page 107, line 37, delete "(g)" and insert "(h)".

Page 107, line 38, delete "(f)(2)(A)" and insert "(g)(2)(A)".

Page 108, line 2, delete "(f)(2)(A)" and insert "(g)(2)(A)".

Page 108, line 3, delete "(h)" and insert "(i)".

Page 108, line 5, delete "(f)(2)(B)" and insert "(g)(2)(B)".

Page 108, line 14, delete "(i)" and insert "(j)".

Page 108, line 17, delete "(j)" and insert "(k)".

Page 111, between lines 6 and 7, begin a new paragraph and insert:
"SECTION 92. [EFFECTIVE JULY 1, 2004] IC 6-3-1-3.5, as amended by this act, applies only to taxable years after December 31, 2003.

SECTION 97. The provisions of this act are severable in the manner provided by IC 1-1-1-8(b)."

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed November 18, 2003.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 20, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 18. IC 6-1.1-11-3, AS AMENDED BY P.L.264-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsections (e) and (f), an owner of tangible property who wishes to obtain an exemption from property taxation shall file a certified application in duplicate with the county assessor of the county in which the property that is the subject of the exemption is located. **Except as provided in section 5.5 of this chapter**, the application must be filed annually on or before May 15 on forms prescribed by the department of local government finance. Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

- (1) A description of the property claimed to be exempt in sufficient detail to afford identification.
- (2) A statement showing the ownership, possession, and use of the property.
- (3) The grounds for claiming the exemption.
- (4) The full name and address of the applicant.
- (5) For the year that ends on the assessment date of the property, identification of:
 - (A) each part of the property used or occupied; and
 - (B) each part of the property not used or occupied; for one (1) or more exempt purposes under IC 6-1.1-10 during the time the property is used or occupied.
- (6) Any additional information which the department of local government finance may require.

(d) A person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief, a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not substantially related to the exercise or performance of the organization's exempt purpose.

(e) An owner must file with an application for exemption of real

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property under subsection (a) or section 5 of this chapter a copy of the township assessor's record kept under IC 6-1.1-4-25(a) that shows the calculation of the assessed value of the real property for the assessment date for which the exemption is claimed. Upon receipt of the exemption application, the county assessor shall examine that record and determine if the real property for which the exemption is claimed is properly assessed. If the county assessor determines that the real property is not properly assessed, the county assessor shall direct the township assessor of the township in which the real property is located to:

- (1) properly assess the real property; and
- (2) notify the county assessor and county auditor of the proper assessment.

(f) If the county assessor determines that the applicant has not filed with an application for exemption a copy of the record referred to in subsection (e), the county assessor shall notify the applicant in writing of that requirement. The applicant then has thirty (30) days after the date of the notice to comply with that requirement. The county property tax assessment board of appeals shall deny an application described in this subsection if the applicant does not comply with that requirement within the time permitted under this subsection.

SECTION 98. IC 6-1.1-11-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.5. (a) The assessor of the county in which property is located shall, before June 16 of each year, mail a notice to the owner of the property if:

- (1) the owner has not applied for a tax exemption for that year; and**
- (2) a tax exemption for the property was in effect for the immediately preceding year based on an application filed by the previous owner.**

(b) The notice under subsection (a) must:

- (1) inform the owner:**
 - (A) that the tax exemption is not transferrable from the previous owner; and**
 - (B) that the owner may file for exemption under subsection (c); and**
- (2) identify the property by key number, if any, and a street address, if any, or other common description of the property other than a legal description.**

(c) A property owner that receives a notice under subsection (a) may file an application for exemption under section 3 of this

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chapter for the year in which the notice is mailed not later than fifteen (15) days after the date the notice is mailed."

Page 111, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 92. [EFFECTIVE UPON PASSAGE] (a) A religious institution may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2002 if:

(1) the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2002;

(2) the religious institution acquired the real property in 2000; and

(3) the real property was exempt from property taxes for property taxes first due and payable in 2001.

(b) If a religious institution files an exemption application under subsection (a):

(1) the exemption application is subject to review and action by:

(A) the county property tax assessment board of appeals; and

(B) the department of local government finance; and

(2) the exemption determination made under subdivision (1) is subject to appeal;

in the same manner that would have applied if an application for exemption had been timely filed in 2001.

(c) If an exemption application filed under subsection (a) is approved, the religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for the payment of property taxes first due and payable in 2002 with respect to the exempt property.

(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.

(e) This SECTION expires January 1, 2005."

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed November 18, 2003.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be recommitted to a Committee of One, its author, with specific instructions to amend as follows:

Page 3, line 10, delete "or IC 6-1.1-4-37(l)." and insert ".".

Page 3, line 12, delete ", IC 6-1.1-4-36(j), or" and insert ".".

Page 3, delete line 13.

Page 3, between lines 15 and 16, begin a new line block indented and insert:

"(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20."

Page 4, line 10, delete "A" and insert "**Subject to subsection (j), a**".

Page 4, line 11, delete "or" and insert ",".

Page 4, line 11, after "(a)(26)" insert "**, or (a)(28)**".

Page 4, line 26, after "subsection" insert "**(a)(25) or**".

Page 6, line 35, delete "32(g)" and insert "**33(g)**".

Page 22, delete lines 37 through 42.

Delete page 23.

Page 24, delete lines 1 through 34.

Page 36, line 14, delete "for the property taxes based on the" and insert ".".

Page 36, delete line 15.

Page 36, line 16, delete "in the action referred to in subsection (a)".

Page 36, line 21, strike "an appeal" and insert "**a request**".

Page 36, line 23, after "(2)" insert "**not later than the time prescribed in subsection (b) is effective for the year of the assessment on which the tax statement is based. If the request is filed**".

Page 36, line 23, after "(b)" insert ",".

Page 36, line 24, strike "becomes" and insert "**any change made as a result of the request is not**".

Page 36, line 24, strike "for" and insert "until".

Page 36, line 24, strike "assessment date".

Page 36, line 24, delete "that next succeeds the" and insert "**following year**".

Page 36, delete line 25.

Page 116, between lines 11 and 12, begin a new line double block indented and insert:

"IC 6-1.1-12-44, as amended by this act".

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Page 117, line 10, after "IC 6-1.1-12-37" insert "**and IC 6-1.1-12-43**".

Page 117, line 42, after "credit." insert "**Each year a person who is entitled under this SECTION to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-43 from the assessed value of the real property that qualifies for the homestead credit if the dwelling on the homestead was initially erected at least fifty (50) years before March 1, 2003.**".

Page 120, line 28, delete "[EFFECTIVE JULY 1, 2004]" and insert "[EFFECTIVE UPON PASSAGE]".

Page 120, line 31, after "96." insert "[EFFECTIVE UPON PASSAGE]".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as reprinted November 21, 2003.)

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COMMITTEE REPORT

Mr. Speaker: Your Committee of One, to which was referred House Bill 1001, begs leave to report that said bill has been amended as directed.

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